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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a Regulation on the 28th Regime – EU Inc. *- Third Presidency compromise text*

Delegations will find in the Annex the third Presidency compromise text on the Proposal for a Regulation on the 28th Regime – EU Inc.

Changes in comparison to the second Presidency compromise text (doc. 12824/26) are marked in **bold** for additions and in ~~strikethrough~~ for deletions.

ANNEX

2026/0074 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on THE 28TH REGIME CORPORATE LEGAL FRAMEWORK - 'EU INC.'

(Text with EEA relevance)

PUBLIC

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

Acting in accordance with the ordinary legislative procedure,

[1] OJ C , , p. .

Whereas:

(1) The Commission Communication of 29 January 2025 entitled 'A Competitiveness Compass for the EU'[2] proposed a 28th regime to make it possible for innovative companies to benefit from a single, harmonised set of rules wherever they invest and operate in the internal market. The Commission Communications of 21 May 2025 entitled 'The Single Market: our European home market in an uncertain world. A Strategy for making the Single Market simple, seamless and strong'[3] and of 28 May 2025 entitled 'The EU Startup and Scaleup Strategy Choose Europe to start and scale'[4] further announced that the 28th regime would include an EU corporate legal framework based on digital-by-default solutions.

(2) The European Council called on the Commission, in March and October 2025, to propose in line with the respective competences under the Treaties without delay an optional 28th company law regime allowing innovative companies to scale up. The European Parliament resolution "The 28th regime: a new legal framework for innovative companies" of 20 January 2026 called for an ambitious proposal focusing on company law rules and introducing a new corporate form into national laws for limited liability companies not listed on the stock market, while also, among others stressing the need for measures to facilitate employee stock ownership, ensure more efficient dispute resolution and provide strong safeguards to protect employee participation rights.

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2 Competitive Compass, January 2025
3 Single Market Communication, May 2025
4 EU Startup and Scaleup Strategy Communication, May 2025

(3) The 27 national legal systems with distinct rules, procedures and national legal forms for limited liability companies create a fragmented and complicated corporate landscape in the Union, resulting in legal uncertainty and costs for founders, companies as well as Union and third country investors**. Those and related differences impede the free movement of capital, the freedom of establishment, and cross-border trade in goods and services**. Therefore, in order to boost the Union competitiveness, it is necessary to simplify the regulatory framework and reduce fragmentation through the approximation of laws, in particular by introducing a harmonised set of corporate rules, including a new harmonised national legal form covering the lifecycle of a company including certain aspects of closure. Harmonised rules are also needed to enable companies to attract private investment through common fast, digital and cost-effective rules and procedures, which would make it easier for high-growth companies to scale up in the internal market and enable both Union and third country investors to invest in companies as well as offer such investors with more flexible exit options to liquidate their investment.

(4) A harmonised corporate framework should be set out with a new harmonised legal form of a limited liability 'EU Inc.' company. This new company legal form should be introduced in the national legal orders of all Member States. The framework and the specific features of the new national legal form draw on the diversity of national rules and procedures and harmonise those rules and procedures in order to meet the needs of companies, in particular start-ups and scale-ups, and their Union and third country investors. Like other national legal forms, the EU Inc. should be incorporated in a Member State and be provided for in the legal order of that Member State. At the same time, it should benefit from a harmonised set of rules introduced by this Regulation. Such harmonisation would facilitate cross-border business in the internal market and investment by Union and third country investors in such companies**, thereby facilitating the free movement of capital, goods, and services and the freedom of establishment,** and ensure that those rules and procedures result in reduced administrative burden and costs for founders and companies as well as for investors.

(5) The EU Inc. framework set out in this Regulation responds in particular to the needs of startup and scaleup companies but should be open to all founders and companies who see it as a good fit for their business model. Both natural and legal persons should be able to form an EU Inc. company. It should be possible to form an EU Inc. company- *ex nihilo*~~,~~**,** and existing companies should also be able to convert into EU Inc. companies. Furthermore, existing companies, including EU Inc. companies, should be able to set up EU Inc. subsidiaries, thereby making the EU Inc. company legal form available for groups of companies. In addition, in particular to ensure that scale-ups could benefit from the EU Inc. framework, it should be possible to form an EU Inc. company through a domestic division or merger, or by carrying out a cross-border conversion, merger or division in accordance with the rules already harmonised by Directive (EU) 2017/1132 of the European Parliament and of the Council[5]. In order to mitigate the possibility of rapid and potentially abusive opt-ins or opt-outs of the EU Inc. framework, existing companies wishing to carry out a domestic conversion, merger or division resulting in an EU Inc. should need to ~~be active~~**have been registered** for at least two years or have the first two sets of their annual accounts approved beforehand. Similar conditions should apply in case of an EU Inc. carrying out a domestic conversion, merger or division into a national limited liability company. This Regulation harmonises the procedure and substantive criteria for the formation of an EU Inc. *ex nihilo*. Where an EU Inc. is formed by conversion, merger or division, the substantive rules of this Regulation (such as the requirements regarding the content of the articles of association and director disqualification) apply in full to the resulting entity. ~~Conversely,~~ The procedure for checking compliance, at the point of formation, with those substantive rules is left to the applicable national law or Directive (EU) 2017/1132, as appropriate.

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5 Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46), ELI: http://data.europa.eu/eli/dir/2017/1132/oj

(6) In order to ensure a common and unified corporate legal framework for EU Inc. companies regardless of the Member State in which they are incorporated, aspects relating to corporate matters should generally be governed by this Regulation or, where explicitly required or permitted by the Regulation, by the articles of association of EU Inc. companies. The EU Inc. legal form is designed to give significant flexibility to founders as to the design of the EU Inc., particularly as regards the company's organisation. That flexibility, which flows from the Regulation and is a fundamental feature of the EU Inc., should not be overridden by national corporate law. Conversely, Union and national law should govern all matters where this is provided for by this Regulation and matters not covered by this Regulation, including where the Regulation only partly covers a matter. The **national applicable law could permit certain further aspects to be governed by the articles of association. The** usual ~~choice of law~~**conflict-of-law and Treaty** rules will determine which Member State's law applies in this respect. **An** EU Inc. ~~companies exist and have~~**company exists and has** legal personality pursuant to the law of the Member State ~~of registration~~**where it has its registered office, in line with incorporation theory**, such that corporate matters not governed by the Regulation will typically be governed by that Member State's law. **This is without prejudice to the *lex specialis* rules**~~The national~~ applicable **as regards law not affected by this Regulation, as regards specific provisions regulating the nature of a business carried out by an EU Inc. company, and as regards EU Inc. companies that seek admission to trading.**~~law could permit certain further aspects to be governed by the articles of association.~~

(6aa) In order to provide certainty on the national law that governs those matters not covered by the Regulation or the articles of association, Member States should designate one or more national legal forms **(national legal persons in the form of limited liability companies)** the provisions of which shall govern EU Inc. companies, specifying, where more than one form is designated, the matters in respect of which the provisions applicable to each form shall govern. They may also, or instead, specify or lay down provisions, for instance where no existing legal form is comparable to the EU Inc. company.

(6a) The Regulation **has a specific scope which primarily concerns corporate and financing aspects of EU Inc. companies. It** does not affect**, amongst others,** individual or collective Union or national employment, taxation, social security or insolvency law, without prejudice to its narrow provisions clarifying the ~~choice of law~~**conflict-of-law rule** as regards employee participation and affecting two specific aspects of the taxation of EU-ESOs. **Amongst other things: - As regards employment law and rights, this Regulation does not affect the rules governing applicable law or jurisdiction regarding individual employment contracts. The same rules apply to EU Inc. companies as to any other company, notably Regulation (EC) 593/2008 and Regulation (EC) 1215/2012. The Regulation does not affect Directive 96/71, Directive 2014/67/EU and associated law regarding the posting of workers.** More broadly, this Regulation does not affect **any other applicable Union or national law or collective agreements regarding, amongst others, wages, minimum** wages, working time**, working conditions**, health and safety, equal opportunities for women and men, protection against discrimination, or dismissal protection. ~~Applicable EU rules, such as on working time, working conditions, and adequate minimum wages, in particular pursuant to Directive (EU) 2022/2041 of the European Parliament and of the Council, will continue to apply. Nor does~~ **-** This Regulation **does not** affect social security legislation of Member States or its coordination at Union level, **including Regulation 883/2004 and Regulation 987/2009,** which apply to EU Inc. companies as they apply to any other ~~Union~~**national** limited liability company. ~~Furthermore, Regulation (EC) 593/2008 of the European Parliament and of the Council applies to individual employment relationships involving an EU Inc. company and Regulation (EC) No 1215/2012 applies to the jurisdiction over individual employment contracts of an EU Inc. company.~~ **-** Similarly, this Regulation does not affect the determination of the tax residence of ~~the~~ EU Inc. ~~company~~**companies**. **The** determination of ~~the~~ tax residence ~~remains within remit of~~**continues to be regulated by** each Member State's national law and**, where** relevant**,** double tax treaties. In addition**, save for the two specific matters regulated, this Regulation does not affect the characterisation or consequences for tax purposes of any act, transaction, status or legal event governed by it. Those matters remain governed under the applicable Union and national tax law. Moreover**, while this Regulation does not affect any existing Union or national rules or safeguards related to tax avoidance or evasion, it includes measures which contribute to and reinforce tackling such harmful behaviours.

(6b) Where an EU Inc. chooses to conduct a business that is subject to sectoral law, such as the provision of certain financial, health or transport services, it will be subject to the applicable Union and national sectoral law. Such EU Inc. companies must comply in full with that law just like any other company, including where that law affects its corporate law aspects under this Regulation (such as by requiring the existence of a supervisory board), so long as that law complies with the principle of non-discrimination. This **includes cases where that sectoral law would limit or prohibit an EU Inc. company's right to provide the service. This** Regulation does not affect Union **and national** law regulating credit intermediaries and other financial undertakings~~, nor national rules laid down or introduced pursuant to such Union law~~.

(7) EU Inc. companies formed in the Member State of registration and operating across the Union in accordance with the provisions of this Regulation should be recognised in all Member States. To this end, these companies should add to their name the common, distinct and clear denomination 'EU Inc.'. This denomination should be used unaltered and should not be translated. The 'EU Inc.' denomination would increase transparency and strengthen trust by ensuring that business partners, investors, other stakeholders and consumers as well as public authorities know that they are dealing with a company with the same harmonised features across the Union. As of registration, an EU Inc. company would acquire legal personality, being a body corporate with the name contained in its articles of association and having perpetual succession.

(8) To ensure legal certainty when using the common denomination ‘EU Inc.’ across the internal market, it is important that no more than one company operates under the same name. Therefore, the company name with the denomination ‘EU Inc.’ should be subject to specific rules to ensure that the name is ~~fit for use as a name and~~ unique to ~~each~~**the company and fulfils the function of a company name, which is to identify the** company. Similarly, subsidiaries within a group should have distinguishable names, while branch names should include the unique name of the EU Inc. company that they are part of. Names which are misleading should be prohibited. This includes names which mislead the public as to the EU Inc.'s nature (including by using a public body's name, such as the name of a regional, national or international public body, or by misleading as to the EU Inc.'s ownership) or the nature of its business activities (such as by suggesting a purpose or object of the company that is not in accordance with its articles of association). It also includes names so similar to an existing limited liability company’s name as to be liable to mislead the public. Conversely, an EU Inc. should be able to retain its name if a limited liability company with the same name is formed after the EU Inc.'s registration. Names must not be contrary to public policy or accepted public morality; those concepts are well-developed in Union law, notably in the case-law regarding Regulation (EU) 2017/1001. Automatic verification based on a connection between the Business Registers Interconnection System (BRIS) and the IT tools developed by the European Union Intellectual Property Office (EUIPO) central database for registered trade marks should make it easier **for applicants** to check that the proposed name of the EU Inc. company does not conflict with an already registered trade mark**, enabling them to decide whether to choose a different name. This interconnection**~~. Such connection~~ should also ~~serve for indicative purposes to~~**enable** EUIPO to inform trade mark applicants**, on an indicative basis,** whether a trade mark is identical or similar to the name of an existing EU Inc. company**. Being indicative, the provision of this information to EU Inc. and trade mark applicants does not constitute an assessment of the availability, registrability or legality of the proposed company name or trade mark**. This Regulation does not require competent authorities to reject applications by names that may conflict with such trade marks or to take any other action, although national law may provide for such rejection.

(9) The articles of association constitute the fundamental legal framework of a company, defining its internal organisation. Member States have divergent rules in this regard: some require two separate documents (an instrument of constitution and the statutes (articles of association), where others require only one. In the interests of **harmonisation and** simplicity, all EU Inc. companies should have a single document (the articles of association) which should at least contain a harmonised minimum content. Given the fundamental importance of the articles of association for business partners, public authorities, creditors, including from other Member States, and in particular for the Union and third country investors, they should exist in at least one of the national languages permitted by the law of the Member State of registration and, additionally, in a language customary in the sphere of international business and finance. The availability of the articles of association in a language customary in the sphere of international business and finance would ensure that information about EU Inc. can be easily accessed and understood not only by stakeholders across the internal market, but also by third country investors.

PUBLIC

(10) While it should be possible for the founders to form an EU Inc. company with tailor-made articles of association, harmonised and multilingual EU templates for articles of association for EU Inc. companies should be established. Otherwise, the existence of 27 different national templates for articles of association would preserve the fragmentation and extra costs for founders and companies. The harmonised EU templates, by providing model articles of association across the Union, would enable a quick centralised registration process while ensuring that any formal requirements applicable to the articles of association are fulfilled. It is appropriate for those harmonised EU templates to be tailored to particular situations, including different sizes of EU Inc. or different approaches to governance, and ~~to~~ include appropriate flexibility for founders, whether by different templates, **a modular approach involving** options or optional fields within an individual template, or both**. It is important that they respond, in particular, to the needs of startup and scaleup companies**. Within the articles of association, the objects of a company should in principle be expressed using the standardised classification of NACE codes. This ensures that its objects are legible to actors across the internal market and facilitates their processing as structured data. This classification leaves significant freedom to founders to define the objects in significant detail and precision (thereby constraining its activity) or in a more general way (thereby giving the company more freedom of action). Where the company uses the EU templates, no further detail may be provided on the objects, given the need to use structured data to ensure that both language versions of the articles of association have equal legal value. Where it uses tailor-made articles of association, the main NACE description could be supplemented by further free text detail.

(10a) Where founders use EU templates, any national law requirement to draw up and certify articles of association in due legal form should be deemed fulfilled. This only applies to the articles of association, without affecting formal requirements applying to the transfer of specific types of property as consideration for the first shares. For instance, if immovable property were part of the in-kind consideration for the company's first shares, the transfer of that immovable property would be subject to any legal formalities under national law (such as a requirement to use a deed and to notify the land registry). Where founders choose to use tailor-made articles of association, national law on the due legal form of such articles applies, subject to the requirements of this Regulation ~~(including its time-limits)~~. This could include, for instance, a requirement to adopt the articles of association by deed.

(11) In order to ensure that they can fully benefit from the EU single market, founders should be free to choose in which Member State to incorporate an EU Inc., and therefore, in which Member State it has its registered office. An EU Inc. may not, therefore, be required to have its central administration, its principal place of business or economic activity in the same Member State as its registered office. However, EU Inc. companies must have either their central administration or principal place of business within the Union, thereby ensuring that they have a genuine link to the Union.– **For these purposes, the place of central administration refers to the location where the central decision-making is conducted and where the management and control of the company's operations are exercised. The principal place of business is the place where the company actually pursues its main economic activity.** Each EU Inc. company, like any other Union company, should benefit from the fundamental freedoms, including the freedom of establishment, as interpreted by the case-law of the Court of Justice of the European Union. Once lawfully incorporated in a Member State, it should therefore be free to carry out economic activity, including by providing services or creating secondary establishments in other Member States. All Member States should recognise the legal capacity of an EU Inc. company lawfully incorporated in another Member State. In accordance with the case-law, Member State should retain the right to take measures restricting the freedom of establishment ~~provided that the specific objective of such measures is~~ to prevent or sanction the creation of wholly artificial arrangements which do not reflect economic reality and which are intended to circumvent legislation that would otherwise be applicable in another Member State, in particular in tax or social matters. The assessment should be conducted case-by-case and consider all relevant facts and circumstances~~, which could include relevant facts and circumstances related to employee participation rights~~. In accordance with the case-law, such measures must be proportionate to the pursued objective. **This is a right for Member States; it does not oblige them to monitor or act on possibly artificial arrangements, without prejudice to any obligations that could arise under other applicable Union or national law. This provision should in no way limit Member States' right to take action under other law outside the scope of this Regulation, such as criminal law.**

PUBLIC

(12) Fully digital procedures are necessary to enable a truly efficient and competitive company set-up, operations and investment procedures that can attract both founders and investors. Therefore, while considerable progress has already been made with digitalisation of the existing Union company law, including through Directives (EU) 2019/1151[6] and (EU) 2025/25 of the European Parliament and of the Council[7], the corporate legal framework for EU Inc. should go further in harmonising rules and procedures by providing "digital-only" rules and processes applicable throughout the company lifecycle. That principle should apply to all procedures that are within the scope of this Regulation and involve authorities, persons or bodies mandated under national law, such as the procedure for forming an EU Inc. These fully online procedures rely, in accordance with this Regulation, on secure identification in accordance with Regulation (EU) 910/2014 and Member States may not require other less secure forms of identification (such as requiring submission of photographs of identity cards or passports). Where duly justified, exceptions to the digital-only principle should be possible. Amongst other things, the competent authorities in charge of preventive controls and checks could carry out complementary electronic controls to verify the legal capacity of the prospective directors by means of video-conference or similar audiovisual connection where it is not possible to consult such information in existing registers. Exceptionally, in cases of justified doubts regarding the identity or legal capacity of prospective directors, they could also be required to appear before the authorities, persons or bodies mandated under national law in person. Beyond its application to processes involving any authority, person or body mandated under national law, the digital-only principle should also apply to investment-related communications and procedures**, unless otherwise provided in the articles of association or an agreement between an EU Inc. company and a shareholder**. Fully digital procedures should also apply where the completion of a procedure requires a payment. In that regard, it is appropriate to ensure that such payment can be made by means of widely available cross-

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6 Directive (EU) 2019/1151 of the European Parliament and of the Council of 20 June 2019 amending Directive (EU) 2017/1132 as regards the use of digital tools and processes in company law (OJ L 186, 11.7.2019, p. 80), ELI: http://data.europa.eu/eli/dir/2019/1151/oj

7 Directive (EU) 2025/25 of the European Parliament and of the Council of 19 December 2024 amending Directives 2009/102/EC and (EU) 2017/1132 as regards further expanding and upgrading the use of digital tools and processes in company law (OJ L, 2025/25, 10.1.2025), ELI: http://data.europa.eu/eli/dir/2025/25/oj

border payment services, such as credit cards, bank transfers and any other commonly used payment instruments.

(13) When adopted, the European Business Wallets [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets] will support companies in business-to-business and business-to-government communications. The EU Inc., as other companies, once formed and registered in the business register, should be able to purchase it in order to securely authenticate, store and share documents. This Regulation ensures compatibility between the European Business Wallets and key digital tools, such as the EU Company Certificate and the digital EU power of attorney, for EU Inc. companies to take full advantage of the capabilities of the European Business Wallets. The European Business Wallets, together with trust services, should also constitute one of the options for EU Inc. companies to sign forms when registering a branch or setting up a subsidiary.

(14) Regulation (EU) 2018/1724 of the European Parliament and of the Council[8], which establishes the Single Digital Gateway, provides for general rules related to online provision of information, procedures and assistance services relevant for the functioning of the internal market. Regulation (EU) 2018/1724 covers a wide range of administrative procedures set out in Annex II to that Regulation, which the EU Inc. companies, as other companies, will be able to benefit from. At the same time, as specified in Annex II to that Regulation, the company law and insolvency procedures for all companies, thus including procedures for EU Inc. companies laid down in this Regulation, are excluded from its scope.

[8] Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services and amending Regulation (EU) No 1024/2012 (OJ L 295, 21.11.2018, p. 1), ELI: http://data.europa.eu/eli/reg/2018/1724/oj

(15) The Your Europe portal provides online access to information about rules and procedures stemming from Union and national law for businesses and citizens, in the areas specified in Regulation (EU) 2018/1724, including information related to starting, running and closing a business. In this context, information about the EU Inc. legal form and procedures regarding starting, running and closing an EU Inc., including links to information available on national registration websites, should be publicly available through the Your Europe portal, in accordance with Regulation (EU) 2018/1724 and Annex I to that Regulation.

(16) ~~[*OPTION 1:*~~It is important to ensure that the EU Inc. corporate legal framework provides an easily recognisable but also reliable and trustworthy legal form for founders, companies, investors and other stakeholders and that this legal form cannot be used to circumvent rights, including notably employees' rights to participation in company boards. Given the importance of employee participation, this Regulation ensures legal certainty about the applicable law by clarifying that where employee participation rules exist in the Member State in which an EU Inc. has its registered office, those rules should apply to that company. This ensures equal treatment between EU Inc. companies and comparable national company forms and safeguards existing national protections and acquired employee rights. It should be underlined that this rule is limited to employee participation, which directly affects a company's essential corporate structure and so follows the law of the Member State of incorporation. ~~Where an EU Inc. has employees in other Member States, those employees will benefit from the employee participation rules in force in the Member State of incorporation.~~**It does not affect** other aspects of worker involvement, such as workers' information and consultation, **which** benefit from a harmonised Union legal framework, supplemented by national law, across the Member States, including Directive 2002/14/EC and Directive 2009/38/EC of the European Parliament and of the Council, as well as Council Directive ~~2001/23/EC12~~**2001/23/EC** and Council Directive 98/59/EC.~~ Similarly, this rule regarding employee participation does not affect in any way the law applicable to individual employment contracts. That law is subject to the usual choice-of-law rules under Regulation (EC) 593/2008 of the European Parliament and of the Council.[1]~~]

~~[*OPTION 2*: based on *OPTION 1*, but additionally: 'By way of derogation from the general rules regarding employee participation,~~

Member States should be ~~free, but not obliged~~**able, via a specific mechanism**, to take

certain steps to require ~~compliance with~~**respect for** their employee participation rules in certain cases. ~~A~~**This** mechanism ~~to~~**should** enable ~~this~~**Member States to take measures to prevent possible circumvention and ensure respect for employee participation rights, taking into account the absence of harmonisation of employee participation rules and the wide divergences between such national rules, including the thresholds at which they kick in. For those same reasons, and in line with the principles of subsidiarity and proportionality, the mechanism** should be ~~established~~**optional for Member States and should leave companies freedom to choose different ways to take action**. Where an EU Inc. registered in one Member State has a branch ~~with employees~~**or branches** in a second Member State that has chosen to use the mechanism, the **EU Inc. should be required to take certain steps where the** number of ~~such~~**branch** employees ~~should not be able to exceed~~**exceeds** the second Member State~~'~~'s employee participation threshold ~~for two consecutive financial years.~~**. To ensure predictability and stability, this obligation should only be triggered** where the ~~EU Inc.~~**number of employees** exceeds ~~that~~**the** threshold ~~in a first~~**over the course of a** financial year~~, therefore, it~~**. Where this happens, the EU Inc. company** should ~~take steps to ensure compliance~~**have freedom as to how to achieve respect by the end of the following financial year**. The EU Inc. could, ~~in particular~~**amongst other things**, undertake a cross-border division by separation pursuant to Chapter IV of Title II of Directive (EU) 2017/1132, ~~establishing~~**resulting in** a subsidiary in the second Member State. That subsidiary would then be subject to the ~~applicable~~ employee participation rules~~, notably under~~ **resulting from** Article 160l of that Directive. **It could also create a subsidiary in another way, which would be subject to the employee participation rules of Member State B, or voluntarily comply with those rules by amending its articles of association, insofar as lawful.**

This mechanism should be strictly optional for Member States. In particular, a Member State that applies employee participation rules to ~~domestic~~**its own** EU Inc. companies ~~can~~**should be able to** choose whether or not to apply this mechanism ~~to branches of~~**in cases where** EU Inc. companies registered in other Member States **have branches in that Member State**. Moreover, Member States retain discretion as to how they enforce this mechanism, ensuring that any penalties are effective, proportionate and dissuasive**. In the first instance, it should be for employees and their representatives to enforce this obligation, if necessary via court proceedings. Member State authorities should not be obliged to monitor employee numbers on their territory on a proactive basis**. In order to ensure transparency and predictability for EU Inc. companies, the Commission should

publish a list of any applicable employee participation thresholds. ~~The provision is necessary to enable Member States to ensure adequate protection of employees' rights in the form of their employee participation rights, taking into account the requirements linked to guarantees of adequate social protection referred to in Article 9 TFEU.]~~

(17) In case an EU Inc. company is formed through or carries out a cross-border conversion, merger or division, such operations should follow the rules and procedures set out in Title II of Directive (EU) 2017/1132. Therefore, for ~~example in case~~**instance**, an EU Inc. ~~carries~~**that wishes to transfer its registered office from one Member State to another one must convert into an EU Inc. company of that second Member State, and therefore must carry** out a cross-border conversion, ~~it would convert into an EU Inc. of the destination Member State~~**in accordance with Directive (EU) 2017/1132**. Overall, those rules and procedures in Directive (EU) 2017/1132 aim to facilitate the cross-border mobility while providing effective safeguards for employees, minority shareholders and creditors. With a view to preserving existing employees' rights of participation, where applicable, the Directive provides that the company carrying out such a cross-border operation should enter into negotiations with its employees or their representatives once a threshold specified in the Directive is met, with a view to finding an amicable solution that reconciles the right of the company to carry out a cross-border operation with the employees' rights of participation.

(18) Just as in the case of other limited liability companies, the Union legal framework regarding the information and consultation of employees, including Directive 2002/14/EC[9] and Directive 2009/38/EC of the European Parliament and of the Council[10], as well as Council Directive 2001/23/EC[11] and Council Directive 98/59/EC[12], should also apply to EU Inc. companies where ~~appropriate~~**applicable**.

(19) The formation of an EU Inc. through a domestic or cross-border merger is without prejudice to the application of the legislation on the control of concentrations between undertakings, both at Union level, under Council Regulation (EC) No 139/2004[13], and at Member State level.

PUBLIC

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9 Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community - Joint declaration of the European Parliament, the Council and the Commission on employee representation (OJ L 80, 23.3.2002, pp. 29–34)

10 Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (Recast) (OJ L 122, 16.5.2009, pp. 28–44)

11 Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses (OJ L 82, 22.3.2001, pp. 16–20)

12 Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.1998, pp. 16–21)

13 Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation) (OJ L 24, 29.1.2004, pp. 1–22)

(20) The formation of an EU Inc. and in particular the articles of association, and any amendments thereof, should be subject to preventive administrative judicial or notarial controls and other checks including a legality check, as set out in this Regulation, to ensure their reliability and facilitate their use especially in cross-border situations. In order to ensure that EU Inc. companies are subject to the same preventive controls and checks in all Member States, the Regulation provides an exhaustive list of controls and checks **insofar as concerns corporate matters**. As with any other company form, the preventive control and checks are essential for prevention of abusive or fraudulent letter-box companies linked to tax evasion or money laundering. At the same time, ~~a~~ harmonised and efficient preventive ~~control~~**controls** and checks are also key to reducing administrative formalities in the use of company information by companies, as e.g. business partners, creditors and public authorities, and to ensuring mutual recognition, and therefore, the efficient application of the "once-only" principle. ~~The exhaustive preventive controls and checks harmonised by this Regulation concern corporate law matters. They do not affect checks carried out by national authorities for purposes of other legislation, such as taxation, social security, criminal, and anti-money laundering law, which would be carried out once the EU Inc. companies are formed, as for any other companies, in accordance with the applicable EU and national law. This Regulation contributes to several of those other checks, notably by providing for automatic transmission of information to the authorities responsible for the issuance of the tax identification number (TIN) and the VAT identification number, social security authorities and the beneficial ownership registers. The sanctions that apply under that law, which could include dissolution of the company, would also apply to EU Inc. companies. Moreover, in certain cases it is possible for courts to order that an EU Inc. is a nullity, notably where its activities are unlawful or contrary to public policy. By ensuring rigorous preventive controls and checks of corporate law matters, whilst leaving other controls and due diligence to occur in accordance with the applicable legislation, this Regulation follows the approach that is well-established in many Member States. It thereby strikes the right balance between ensuring speed and safeguards in the formation of EU Incs.~~

PUBLIC

(20a) ~~Member States~~**The preventive controls and checks** should **ensure, amongst other things, the secure identification of the directors and the founding shareholders. The application to form an EU Inc. should be sent by the prospective directors, acting on behalf of the founding shareholders. The prospective directors are subject to specific preventive controls and checks during the application process and, amongst other things, must be identified through electronic identification with assurance level high and must sign the application form by means of qualified trust services. Moreover, there may be a large number of founding shareholders, making it cumbersome for them to jointly file the application. The shareholders will already have signed the articles of association by means of qualified trust services, ensuring that the prospective directors have the authority to send this application on their behalf.** ~~have discretion over how they organise~~ The preventive controls and checks~~, within the limits prescribed by~~ **should also include verification that the formal and substantive requirements for the articles of association are fulfilled. Those substantive requirements refer to the articles complying with the substantive requirements of** this Regulation~~. They should be free to choose administrative, judicial or notarial controls, or any combination thereof. They should also be free to organise how those controls and checks function. For instance, Member States using a notarial system can choose how to allocate applications to notaries, including by permitting applicants to choose the notary responsible for conducting them~~ **and applicable national corporate law as to what the articles may and may not contain**.

PUBLIC

(20b) **Member States should have discretion over how they organise** the preventive controls and checks ~~include verification that the formal and substantive requirements for the articles of association are fulfilled. Those substantive requirements refer to the articles complying with the substantive requirements of~~**, within the limits prescribed by** this Regulation ~~and applicable national corporate law as to what the articles may and may not contain. They also include verification that the EU Inc. has the right to use the registered office. This must at least include verification of the prospective directors' declaration~~**. They should be free to choose administrative, judicial or notarial controls, or any combination thereof. They should also be free to organise how those controls and checks function**. ~~National law or competent authorities could go further,~~ For instance**, Member States using a notarial system can choose how to allocate applications to notaries, including by permitting applicants to choose the notary responsible for conducting them** ~~by checking relevant databases, or requiring a copy of a deed or rental contract~~.

(20c) **The exhaustive preventive controls and checks harmonised by this Regulation concern corporate law matters. They do not affect the exercise of powers, including the conduct of checks, by national authorities for purposes of other Union or national legislation, such as taxation, social security, labour, criminal, and anti-money laundering law. Such checks could begin in parallel to the application of the harmonised preventive controls and checks or after the EU Inc. company's registration. In general, those other checks should not affect the harmonised registration procedure. However, where Union or national law concerning anti-money laundering, terrorist financing or other criminal activities provides for grounds to refuse registration of a company, an application may be paused or rejected in accordance with that law. That law could provide for authorities other than those carrying out the preventive controls and checks, such as the police, to determine whether the registration should be paused or refused. By ensuring rigorous preventive controls and checks of corporate law matters, whilst leaving other controls and due diligence to occur in accordance with the applicable legislation, this Regulation strikes the right balance between ensuring speed and safeguards in the formation of EU Incs.**

In particular, this Regulation does not affect Union legislation on anti-money laundering, ~~including~~**namely** Regulation 2024/1624**, Regulation 2024/1620 and Directive 2024/1640**. **The procedures, preventive controls and checks established by this Regulation are without prejudice to the application of Union anti-money laundering rules where and as required by that legal framework including any verification duties and compliance steps as applicable. Moreover,** the EU Inc., its founders and its (prospective) directors are likely to have frequent recourse to obliged entities when conducting business, such as credit institutions, financial institutions, auditors and tax advisers. Additionally, the EU Inc. and its founders and (prospective) directors may have recourse to notaries, lawyers and other independent legal professionals when forming the company or conducting its business.

(21) In order to allow founders to easily set up an EU Inc. through a Union level centralised infrastructure regardless of which Member State they want to set up an EU Inc. company in, the Commission should provide for a centralised, user-friendly 'EU central interface' which should allow the completion of the relevant procedures without having to use 27 divergent national ones. The EU central interface should be built as part of the business registers interconnection system (BRIS), which connects all Member States' business registers and provides means of cross-border secure exchanges between business registers via the platform. The EU central interface should securely transmit the information and documents to the business register of the Member State in which the EU Inc. company is to be registered and the business registers should automatically exchange the relevant information with the preventive control authorities. ~~The interface should also allow founders, or their authorised representatives, to track in real time the status of the registration of the EU Inc. company.~~

PUBLIC

(22) **Founders should be able to establish an EU Inc. either through** the EU central interface **or through the national business register, with the same conditions and timelines applying in both cases. In both cases, founders** should ~~provide for a "~~**be able to choose between a "fast" and a "standard" track. There should be a "**fast track~~"~~**"** company formation procedure including preventive administrative, judicial or notarial control within 48 hours (excluding public holidays and weekends) and at a maximum cost of EUR 100 ~~where the EU Inc. is formed by using the harmonised application form and EU templates for articles of association~~**in simple cases**. The application form and EU templates should be made available in a machine-readable and searchable format to foster cross-border interoperability and facilitate the automatic exchange of data between public authorities and should be available on the EU central interface**. The application form should include, amongst other things, the information necessary for the purposes of company formation in the national business register, including appropriate space for supporting documents necessary in specific cases (such as in the limited justified cases where licences or authorisations are a condition for registration)**. Similarly, existing companies, including EU Inc. companies, should be able to set up a subsidiary through the same procedure. In this context, the information about the company setting up the subsidiary should be automatically retrieved from BRIS by the business register in which the subsidiary is to be registered. In ~~addition~~**more complex cases**, **including where** founders ~~and companies should also have the possibility to form a company with~~**use** tailor-made articles of association or **consideration is to be contributed to capital, the "standard track" should apply. This standard formation procedure should include preventive administrative, judicial or notarial control within 5 working days and at a maximum cost set by**~~set up a company directly with~~ national ~~business registers~~**law and not exceeding recovery of the cost**. **In both the "fast track" and "standard track" procedures, the competent authority should have the power to extend the time-limit by a maximum of ten working days in exceptional cases where a specific issue requires further assessment. This could include cases where an application is incomplete.**

PUBLIC

(23) The Commission should be able to further develop the technical functionalities of the central interface to provide further digital information resources. It should also be empowered, via implementing acts under the examination procedure, to establish other optional templates, guided forms and models for EU Inc. companies in addition to the multilingual EU templates.

(24) This Regulation should not affect sectoral Union or national legislation related to specific business activities. However, in order to ensure the timely online formation of an EU Inc. company or online registration of an EU Inc. branch, and in line with Article 13g(5) and Article 28a(5) of Directive (EU) 2017/1132, Member States should not make that formation or registration conditional on obtaining any licence or authorisation before that formation or registration can be completed, unless such a condition is indispensable for the proper oversight laid down in national law of certain activities. **In such limited justified cases, the licence or authorisation should be submitted together with the application through the EU central interface or directly via the national business register, and the business register should solely check that it has been submitted, as part of its assessment that the information necessary for the purposes of company formation is accurate, without assessing its substantive content.**

(25) In the context of setting up a company, national law often requires founders to separately submit information about the company to several public authorities for tax, social security or anti-money laundering purposes. This leads to delays and extra costs to start running the new business. Therefore, in order to reduce administrative burden and costs and ensure the quick completion of procedures, these rules and procedures should be harmonised by ensuring a "once-only" data exchange between the business register of registration of an EU Inc. and the relevant national authorities. The application of the once-only principle in relation to tax authorities, social security authorities and the beneficial ownership registers would also contribute to tackling possible abuses by ensuring that business registers share data with other authorities as well as the beneficial ownership register, and all use the same company information.

PUBLIC

(26) In case of such ~~a~~ once-only submission of information, the business register of registration of the EU Inc. should automatically ~~transfer the relevant~~**share essential** company data **about the EU Inc. company**, including the **name, registered office and** European Unique Identifier (EUID), ~~to~~**with** the authorities responsible for the issuance of the tax identification number (TIN) and~~, where relevant,~~ the VAT identification number, to social security authorities, as well as to the beneficial ownership register, without founders and companies having to resubmit the information to those authorities. The specific data needed for obtaining the TIN and~~, where relevant, the VAT identification number and~~ required by the beneficial ownership register, submitted in the application form, should also be part of the automatic transfer **to the competent authorities. Whilst it will not be possible to harmonise all of the information necessary for the issuing of a VAT number in every Member State, the application form should also include certain minimum information that will be relevant in most Member States, and that information should also be automatically transmitted to the competent authorities where relevant**. In addition, the EU Inc. should obtain the TIN and, where relevant, the VAT identification number through this digital exchange without needing to submit a separate application~~, except in limited justified cases where~~**.** The authorities in charge of issuing the VAT identification number **should be able to** require additional ~~case-specific~~ information **where necessary, in accordance with the applicable Union and national law**. This Regulation merely facilitates the transfer of information required to issue TIN and **relevant to the issue of VAT identification**~~VAT~~ numbers and ensures the 'once-only' principle applies. ~~Beyond this, it in no way interferes with the Union and national law prescribing~~ The conditions ~~and procedure~~ for the issuance of such numbers **prescribed by Union and national law continue to apply in full**. **EU Inc. companies remain free to request the issuance of a VAT identification number directly from the relevant national authority.**

PUBLIC

(26a) **In order to ensure effective governance and trust, it is necessary to harmonise certain rules regarding who may become an EU Inc.'s director or supervisory board member. Amongst other things, any person disqualified from being a director in one or more Member States should be prohibited from becoming a director of an EU Inc. company registered in any Member State.**

(27) In order to increase trust in and transparency about EU Inc. companies, to provide third parties with reliable information and to facilitate EU Inc. companies' operations and activities in the internal market, it is crucial to ensure easy access to information about EU Inc. companies. Therefore, a harmonised set of information about EU Inc. should be made available at Union level through BRIS at the E-Justice portal thanks to the use of multilingual labels, and also in the national business registers, as it is the case for information about other Union companies. In addition, to facilitate communication with stakeholders, EU Inc. companies should disclose their identity through their official business communications and electronic presence, thereby enabling stakeholders to easily identify and contact the company, and be informed of the most relevant information about EU Inc. companies, including their EUID. This Regulation exhaustively harmonises the documents and information that shall be made publicly available in the business register**, without prejudice to other Union law**. Conversely, it leaves Member States discretion as to the supporting documents and information that may be required by Member States to verify the accuracy of the information filed with business registers **after formation**, for instance in the context of preventive controls. ~~All stakeholders, including companies, authorities and the public at large, need to be able to rely on company information for business purposes or in administrative procedures such as tax or labour related procedures including posting of workers or judicial proceedings. Therefore, it is important to ensure that information about EU Inc. publicly available through BRIS and in the national business registers is reliable and kept up-to-date as is the case with information about other EU companies, in line with Directive (EU) 2017/1132 and the Financial Action Task Force recommendation 24 'Transparency and beneficial ownership of legal persons', which includes requirements that company information in business registers be kept accurate and up to date. Trustworthy and up-to-date information also contributes to the fight against fraud and abuse and ensures its use without further formalities in cross-border situations. It is also in EU Inc. companies' interest to make sure that their information is updated in the register because this information, including the EU Company Certificate, can be relied on~~

~~by third parties. Therefore, EU Inc. companies should be required to disclose changes to company information without unnecessary delay and the registers should record and make available such changes in a timely manner. In this context, it is also important to identify EU Inc. companies which no longer fulfil the requirements to continue to be registered in the business register. This includes the requirement for the principal place of business or centre of administration to remain in the Union and, where they differ from the Member State of registration, to be declared. While Member States should not be obliged to conduct periodic inspections, competent authorities should in accordance with procedures established by Directive (EU) 2017/1132, to verify, in specific cases where doubts have arisen, the status of such EU Inc. companies. While EU Inc. companies can temporarily suspend their activities for valid reasons, it is important that their status in the business register be updated accordingly. For example, indicators of the need to update company information in the register could include the fact that an EU Inc. company does not have a functioning board of directors as required by national law, has not filed accounting documents, or a lack of any economic activity for some years. Similarly, the fact that a large number of companies, including EU Inc. companies, are registered at the same address could indicate that some of those might have been set up for abusive purposes. Relevant verification procedures in Members States should allow EU Inc. companies to explain their situation and provide the necessary data, within reasonable deadlines, and should ensure that the status of the EU Inc. company, for example, whether it is closed, struck off the register, in liquidation, wound up, dissolved or inactive, as defined in national law, is updated accordingly. Those verification procedures should also provide, as a last resort, for the striking off of an EU Inc. company from the register in accordance with the procedures set by national law.~~

PUBLIC

(27a) **All stakeholders, including companies, authorities and the public at large, need to be able to rely on company information for business purposes or in administrative procedures such as tax or labour related procedures including posting of workers or judicial proceedings. Therefore, it is important to ensure that information about EU Inc. publicly available through BRIS and in the national business registers is reliable and kept up-to-date as is the case with information about other EU companies, in line with Directive (EU) 2017/1132 and the Financial Action Task Force recommendation 24 'Transparency and beneficial ownership of legal persons', which includes requirements that company information in business registers be kept accurate and up to date. Trustworthy and up-to-date information also contributes to the fight against fraud and abuse and ensures its use without further formalities in cross-border situations. It is also in EU Inc. companies' interest to make sure that their information is updated in the register because this information, including the EU Company Certificate, can be relied on by third parties. Therefore, EU Inc. companies should be required to disclose changes to company information without unnecessary delay and the registers should record and make available such changes in a timely manner.**

(27b) **Amendments to the articles of association are particularly important and should be filed within five days of the amendment resolution. To ensure transparency, consolidated versions of the articles of association, showing the state after each filed amendment, should be made. Where the articles of association used the EU templates, the consolidated version should be created automatically. The implementing acts establishing the multilingual EU templates for the standard articles of association should include a technical feature enabling the creation of a consolidated version. Where the articles of association did not use the EU templates, the company should create and upload the consolidated version itself. In both cases, responsibility for the accuracy of the consolidated version should remain with the EU Inc. company.**

PUBLIC

(27c) **In this context, it is also important to identify EU Inc. companies which no longer fulfil the requirements to continue to be registered in the business register. This includes the requirement for the principal place of business or centre of administration to remain in the Union. While Member States should not be obliged to conduct periodic inspections, competent authorities should in accordance with procedures established by Directive (EU) 2017/1132, to verify, in specific cases where doubts have arisen, the status of such EU Inc. companies. While EU Inc. companies can temporarily suspend their activities for valid reasons, it is important that their status in the business register be updated accordingly. For example, indicators of the need to update company information in the register could include the fact that an EU Inc. company does not have a functioning board of directors as required by national law, has not filed accounting documents, or a lack of any economic activity for some years. Similarly, the fact that a large number of companies, including EU Inc. companies, are registered at the same address could indicate that some of those might have been set up for abusive purposes. Relevant verification procedures in Members States should allow EU Inc. companies to explain their situation and provide the necessary data, within reasonable deadlines, and should ensure that the status of the EU Inc. company, for example, whether it is closed, struck off the register, in liquidation, wound up, dissolved or inactive, as defined in national law, is updated accordingly. Those verification procedures should also provide, as a last resort, for the striking off of an EU Inc. company from the register in accordance with the procedures set by national law.**

PUBLIC

(28) The reliable and up-to date information made available about EU Inc. companies should cover information throughout the company lifecycle, including its liquidation. National public authorities will thus have full access to this information. Given this, where such authorities need to access such information in the context of any administrative or judicial procedure, they should be required to access it through BRIS and/or the national business register without asking EU Inc. companies to separately provide information. However, they may request such information and documents where necessary to fulfil specific procedural requirements, such as completing the relevant tax declaration or proving an offer in the context of a public procurement procedure. To further facilitate access to such information, national authorities should have the possibility to directly connect to BRIS through national optional access points. Similarly, the Commission may establish optional access points to systems developed and operated by the Commission or by other Union institutions, bodies, offices or agencies to perform their administrative functions or to comply with provisions of Union law such as the optional access point opened by the European Banking Authority in the context of Regulation (EU) 2022/2554 of the European Parliament and of the Council[14].

[14] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (OJ L 333, 27.12.2022, pp. 1–79), ELI: http://data.europa.eu/eli/reg/2022/2554/oj

(29) In order to facilitate its cross-border activities in the internal market, an EU Inc. company should be able to prove that it is legally incorporated in a Member State through simple and reliable means, which other Member States should be required to recognise. Therefore, EU Inc. companies, as other Union companies, should be able to use a harmonised EU Company Certificate, introduced by Directive (EU) 2025/25, for different purposes, including in administrative procedures before national authorities or Union institutions and bodies and in judicial proceedings in other Member States. The EU Company Certificate includes essential company information about EU Inc. and is issued and certified by national business registers and available in all official languages of the Union. Like other Union companies, EU Inc. companies should be able to use the digital EU power of attorney, introduced by Directive (EU) 2025/25, in order to authorise a person to represent the company in specific procedures with a cross-border dimension. The digital EU power of attorney should be accepted as evidence of the authorised person's entitlement to represent the EU Inc.

(29a) To further facilitate fully digital procedures and reduce administrative burdens, the EU central interface should automatically read and verify the structured data and the electronic attestation of attributes contained within the digital EU power of attorney granted to an electronic filing agent. This automatic verification should include the identity of the EU Inc. granting the power of attorney, the identity of the electronic filing agent, and the scope of powers conferred through the digital EU power of attorney.

PUBLIC

(30) In order to further facilitate cross-border procedures and reduce administrative burden, an EU Inc. should be able to use its company information in cross-border situations, including when dealing with competent authorities or in judicial proceedings in another Member State without burdensome formalities. Therefore, Member States should not be able to require legalisation or any similar formality, such as an apostille, in respect of certified copies of documents and information related to EU Inc. obtained from business registers. Similarly, no legalisation or similar formality should be required for notarial acts or administrative documents and for documents and information exchanged through BRIS, such as pre-operation certificates. At the same time, in order to prevent fraud or forgery, the safeguards established by Directive (EU) 2025/25 should apply, whereby it should be possible for the authorities of the Member State in which the company document or information is presented, where they have a reasonable doubt as to its origin or authenticity, to verify the document or information via the issuing register or via the register in their own Member State.

(31) The existing Union company law acquis, in particular Directive (EU) 2025/25, has already made significant advances in overcoming the language barriers in company law procedures and the EU Inc. companies should benefit from those. Following the calls from companies, and in particular the startup community, to make the procedures for setting up and investing into companies available in a language customary in the sphere of international business and finance as far as possible, this Regulation makes further progress by introducing a bilingual application form and standardised articles of association, available in the official language or languages of a Member State of registration and in a language customary in the sphere of international business and finance. The public availability of both language versions of the articles of association in the business register and via BRIS will provide investors, creditors and public authorities with access to the most important company document in a language customary in the sphere of international business and finance. The use of such a language in this essential document also significantly reduces the need for translations and therefore, the administrative burden and costs for companies and stakeholders operating in the internal market. In this context, translation of copies or extracts of documents related to EU Inc. companies should not be required where the specific information can be accessed, for instance, in the EU Inc. company's articles of association or through BRIS. Certified translation should only be required where strictly necessary, for example, where the documents are to be made publicly available in a business register or in the context of judicial proceedings.

PUBLIC

(32) EU Inc. companies should have the flexibility to organise and manage their business in accordance with their divergent needs in terms of their size, activities or market needs. Therefore, shareholders should have the freedom to determine the organisation of the EU Inc. in the articles of association while complying with the harmonised requirements laid down in this Regulation. The EU Inc. should have a board of directors with one or more directors who are natural persons and at least one director should be resident in the Union. In order to form an EU Inc., prospective directors should be identified in accordance with Regulation (EU) No 910/2014. In practice, this means that the prospective directors at the point of formation must all be EU residents, EU citizens, or other persons verified by a qualified trust provider covered by an agreement as referred to in Article 14 of Regulation (EU) No 910/2014. Once an EU Inc. is lawfully formed, its general meeting could appoint other persons as directors~~, as~~**. The** identification of those directors is left to national law**, given that those new directors are not sending the company application form in respect of which identification and signing are harmonised**.

(33) To effectively manage the EU Inc. company, the board of directors should be able to exercise all powers of the company, with the exception of important matters which are reserved for the general meeting or another company body, such as the approval of annual accounts. The general meeting should also have the power to appoint or dismiss a director at any time, regardless of any terms of office agreed between the company and the director. As a principle, directors should jointly represent the EU Inc., but shareholders could decide that all or certain directors can represent the company individually or jointly, including, for instance, two or three directors representing the company jointly on some matters.

(33a) The EU Inc. may also have additional bodies, such as a supervisory body. Unless there is an obligation to establish further company bodies under other areas of Union law or national law to whose provisions this Regulation refers, such as employee participation rules, or which fall outside the scope of this Regulation, such as sectoral rules, EU Inc. should not be obliged to establish such bodies. If shareholders decide to establish a supervisory body in the articles of association, it should be subject to a basic set of harmonised rules. If, however, an EU Inc. is required to have a supervisory body in order to comply with the applicable employee participation rules, those applicable rules may provide for additional or different rules concerning that supervisory body, which should prevail in case of conflict. Similarly, in line with a basic principle of this Regulation, EU Inc. companies which choose to operate in regulated sectors must comply, like any other company, with any applicable sectoral law. This includes cases where the sectoral law affects the corporate law and other aspects covered by this Regulation (such as a requirement to have a supervisory board with certain features in order to provide certain financial services).

PUBLIC

(34) The directors of all EU Inc. companies should be subject to a harmonised set of general directors' duties. These general duties, set out in this Regulation, should not alter or exclude any further duties that may apply in specific situations, such as the duties set out in Article 19 of Directive (EU) 2019/1023 of the European Parliament and of the Council[15] where there is a likelihood of insolvency. While exercising their mandates, directors of EU Inc. companies should act with reasonable care, skill and diligence, which also includes ensuring that they have sufficient information so that their decisions serve the best interests of the company. Directors should also act in good faith and in the best interests of the company. Amongst other things, this precludes them from using for their own benefit, or that of third parties, any data, information or business opportunities obtained in the course of their duties. ~~Liability for breaches of their duties, towards~~**The best interests of** the company~~, the shareholders or third parties,~~ should be ~~primarily governed by national law. However, the core of liability towards the company, and exceptions to that liability, should be harmonised. In particular, a director should not be liable for damage or loss incurred by~~**assessed taking into account, amongst other things, the object of** the company ~~resulting from a business decision where he or she acted in good faith, with professional care, and in the reasonable belief that he or she was acting in~~**and** the company's ~~best~~**long-term success,** interests~~. In assessing this, the nature and context of the business is relevant: for instance, directors of start-ups and innovative companies could require wider latitude to take risks than mature companies with an established business model~~ **and sustainability**.

[15] Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (OJ L 172, 26.6.2019, pp. 18), ELI: http://data.europa.eu/eli/dir/2019/1023/oj

(34aa) Liability for breaches of their duties towards the company, the shareholders or third parties, should be primarily governed by national law. However, the core of liability towards the company, and exceptions to that liability, should be harmonised. In particular, a director should not be liable for damage or loss incurred by the company resulting from a business decision where he or she acted in good faith, with reasonable care, and in the reasonable belief that he or she was acting in the company's best interests. The requirement that the belief be 'reasonable' implies an objective rather than purely subjective standard, and to this extent allows the court to judge the substance of the business decision. It is important to avoid hindsight bias, and so such business decisions should be judged based on how matters stood at the time they were taken. In assessing whether the exception applies, the nature and context of the business is relevant: for instance, directors of start-ups and innovative companies could require wider latitude to take risks than mature companies with an established business model. Additionally, directors should not be liable where they act strictly in accordance with a lawful general meeting resolution. A resolution would not be lawful if the director procured that resolution in order to rely on this exception. The director should bear the burden of proof in respect of both exceptions to liability; however, the weight of that burden may vary depending on the evidentiary context (for instance, a former director may have more difficulty in accessing documents necessary to demonstrate that the exception applies).

(34a) The general duties of directors should also apply to persons that are not de jure directors but exert the same influence in the corporate governance of an EU Inc. company. De facto directors and shadow directors should therefore be subject to such duties and to liability in the same way as those persons that are formally appointed as directors. However, a shareholder should not be regarded as a shadow director of an EU Inc. company by reason only of the fact that he or she exercises shareholder rights, including the right to vote on instructions by the general meeting. Furthermore, a person should not be regarded as a shadow director of an EU Inc. company by reason only of the fact that he or she gives advice in a professional capacity to the company or any of the directors of it.

PUBLIC

(34b) Acting in the company's best interest should also entail the duty to avoid conflicts of interest whereby the directors should inform the board of directors or the general meeting about any conflicts of interest and should generally not be part of decisions involving any such conflicts.

(35) In view of the diversity of possible sizes, management structures and shareholder structures of an EU Inc. company, flexibility is necessary as regards transactions involving company-related parties. Accordingly, this Regulation should lay down certain minimum requirements whilst allowing the articles of association to determine further ex ante safeguards on related party transactions. Accordingly, national law should not govern such transactions. In order to protect the interests of certain or all shareholders, an EU Inc. company should be able to stipulate in the articles of association that certain transactions which are directly or indirectly concluded with certain company-related parties, such as directors and shareholders, need to be submitted to the general meeting or another company body for approval or brought to its attention. Shareholders should be able to adapt the required form of approval or information procedures in the articles of association for them to best fit the company size and corporate structure.

PUBLIC

(36) In order to facilitate and speed up the decision-making in EU Inc. companies, regardless of their Member State of registration, the rules on decision-making should be harmonised. It should be ensured that both Union and third country shareholders are able to participate in general meetings, that such meetings may be held fully online or in hybrid form, and that all shareholders can be reliably identified, participate and vote during such meetings. Similarly, in order to render the decision making more efficient, in certain situations, it should be possible to take decisions through written resolutions which could also be adopted by electronic means. Decisions should be adopted according to a quorum and based on majority requirements, while the shareholders have the flexibility to amend those in the articles of association. However, due to the significant importance of the articles of association for the company, amendments to them should be adopted under qualified majority to provide protection to minority shareholders. **Furthermore, specific rules should apply in cases of decisions that would affect class rights, including classes of non-voting shares.** Harmonised rules should be set out on specific aspects where an EU Inc. is or becomes a single-member company, including on making this information publicly available in business registers and through BRIS to provide third parties with reliable information. The rules in this proposal are in line with rules for other single-member companies in the EU, set out in Directive 2009/102/EC of the European Parliament and of the Council[16].

[16] Directive 2009/102/EC of the European Parliament and of the Council of 16 September 2009 in the area of company law on single-member private limited liability companies (Codified version) (OJ L 258, 1.10.2009, pp. 20–25), ELI: http://data.europa.eu/eli/dir/2009/102/2013-07-01

(37) In order to strike a balance between the significant influence of majority shareholders and the board of directors, the important autonomy granted by the articles of association of EU Inc. and the need for minority shareholder protection, a right of withdrawal should be provided for minority shareholders in exceptional cases of flagrant prejudice. Scenarios that could justify such a withdrawal may include, for example, cases where the company has been deprived of a significant proportion of its assets, where the general meeting has instructed directors to miss a significant business opportunity without the consent of the withdrawing shareholder or where the company's activities have changed substantially. However, the assessment of whether the company's affairs are being conducted, **or the powers of its directors are being exercised, in a** ~~in an oppressive~~ manner ~~should be reserved to the competent court, which~~**that unjustly and grossly harms the interests of that shareholder** should ~~take into account~~**always be based on** all relevant circumstances of the individual case. **If the general meeting does not approve a request for withdrawal, the withdrawing shareholder should have the possibility to seek judicial relief. Where the general meeting does approve the request or where the court orders it, the shares of the withdrawing shareholder should be redeemed by the company against payment of the fair value of the shares. However, redemption should only take place if it does not jeopardise the financial viability of the EU Inc. company.**

PUBLIC

(38) Availability of accurate, up-to-date information about the ownership and control of companies is fundamental to enhance investment in EU Inc. companies in the internal market. Therefore, EU Inc. companies should maintain a digital register of shareholders with detailed information about each share and shareholder. It should also be possible to delegate it to a third party who will be in charge of it on behalf of the company. The digital register of shares should ~~be authoritative, such that registration of a share in the register is constitutive of property in the share. This approach, which is already used in several Member States, ensures a high level of legal certainty and of trust between market actors~~**evidence ownership of shares and be binding vis-à-vis the company. National law compliant with this Regulation would apply to any disputes involving third parties regarding the ownership of shares**. Given the register's ~~authoritative nature~~**importance**, this Regulation should impose strict and precise duties on the company to ensure its accuracy and integrity. Where these duties are not followed such that an aggrieved party does not obtain or is deprived of a share to which they are entitled, they would have a remedy pursuant to the applicable national ~~tort or other~~ law. To account for the application of new technologies, the requirements as regards shares, the digital share register and the digital share certificate should be understood as technologically neutral. Provided that the EU Inc. company meets the requirements for the digital share register and the digital share certificate, it should be free to choose how to establish and maintain the register, including the choice of whether to use distributed ledger technology for this purpose or not and whether digital share certificates should be provided in tokenised form or not. Keeping the digital register updated also entails that every share transfer is recorded and that the shareholder receives a share certificate confirming his or her status as a shareholder. **This Regulation should not prevent a EU Inc. from making use of national frameworks governing distributed ledger technology-based financial instruments in its Member State of incorporation.**

PUBLIC

(38aa) Shareholders ~~and other interested parties~~ should have access to the digital register of shares ~~where, and to the extent that, they have a legitimate~~**for exercising their rights vis-à-vis the company and other shareholders. In addition, potential buyers of the company's shares, creditors and employees and other interested parties who can demonstrate commercial or legal** interest ~~in accessing it in accordance with Regulation (EU) 2016/679~~**may be granted access**. Public authorities ~~which require~~**, such as tax authorities or entities in charge of beneficial ownership registers, should have** access to the register **when acting pursuant to their task in the public interest** in accordance with the applicable legislation ~~will always have such an interest~~**. Any processing of personal data should comply with Regulation (EU) 2016/679**. **The processing of shareholders' personal data is necessary to ensure legal certainty, to identify who the** shareholders ~~will also always have a legitimate interest to access data on other shareholders, but the extent of access required requires case-by-case judgement in~~**are, to enable effective shareholder communication, and to ensure** compliance with ~~Articles 7 and 8 of the Charter of Fundamental Rights.~~**mandatory tax and other obligations. Where access to such personal data is granted to shareholders or** other **interested** parties ~~must demonstrate the existence and extent of their~~**based on a** legitimate interest, ~~case-by-case, in order to~~**it is necessary to ensure that such** access ~~shareholder~~**is strictly limited to what is necessary and proportionate to its specific purpose while safeguarding fundamental rights pursuant to Regulation (EU) 2016/679**.

PUBLIC

(38a) Models concerning share registers vary between Member States and company forms. In some company forms, the company maintains an internal register containing certain information. In others, the business register maintains a list of all shareholders of certain company forms. The EU Inc. follows the first of these models, which has proven robust whilst limiting the burden on companies and administrative authorities. At the same time, the Regulation ensures that the register has a high level of integrity, security and detail. In this way, the Regulation ensures a high level of legal certainty about the ownership and trading of shares in EU Inc. companies. This in turn facilitates the work of public authorities who may need access to that information **where exercising their tasks laid down in Union or national law**, for instance for taxation or anti-money laundering purposes~~. Where they require access to the digital register of shares in accordance with the applicable legislation, those authorities will have a legitimate interest to access it under this Regulation~~. The availability of such information about the ownership and control of all EU Inc. companies together with the prohibition to use bearer shares by EU Inc. companies directly contribute to the anti-money laundering measures in line with international standards, particularly FATF Recommendation 24.

(38ab) This Regulation provides for fully digital subscription to new shares and transfer of shares. In line with this, and in order to ensure appropriate records and anti-money laundering and terrorist financing checks, any payment as consideration for shares (both at the point of formation and where new share are issued) and any payment for share transfers should be made digitally through appropriate channels.

PUBLIC

(38b) This Regulation establishes a multi-pronged approach to beneficial ownership transparency by ensuring that business registers directly share the information about EU Inc. company with the beneficial ownership registers, ensuring that the same information about the EU Inc. company is used. In a similar way, connecting at Union level the system of interconnection of registers (Business Registers Interconnection System – BRIS), the Beneficial Ownership Registers Interconnection System (BORIS) and the Insolvency Registers Interconnection system (IRI), would facilitate access to information about EU Inc. companies and enable the carrying out of cross-checks on it while respecting the access regime for information in each system of interconnection. In addition, access to EU Inc. company information at Union level, including through the EU Company Certificate that EU Inc. companies will be able to use, would facilitate the reliable identification of the customer in line with the 'know-your-customer' principle under the anti-money laundering and combating the financing of terrorism rules.

(39) In line with the free movement of capital and to guarantee that companies have the necessary freedom to scale up and attract new investors, it should be ensured that share transfers occur without restriction, unless otherwise provided in the articles of association. Transfer restrictions provided in the articles of association could, amongst other things, be pre-emption rights for existing shareholders or approval rights for the company. Share transfers are understood to encompass both acquisitions and transfers free of charge, such as donations, and they may pertain to either complete ownership or a fraction of it.

(40) All shares should have equal rights and obligations in principle. However, EU Inc. companies should also be allowed to decide that classes of shares have different economic or voting rights, thereby ensuring flexibility, adapting to the EU Inc. company's needs, and responding to the requirements of certain shareholders. Member States should not prohibit or condition such distinctions by national law. Different economic or voting rights may serve a variety of purposes. For example, they may allow founders to protect the company against hostile takeovers. This Regulation should, however, include rules requiring the consent of a class, including classes of non-voting shares, where a general meeting decision would affect that class's specific rights, preferences or privileges.

(40a) The flexibility in defining rights attached to classes of shares should also encompass the possibility to include exit clauses in the articles of association, such as tag-along and drag-along provisions, which are essential for attracting venture capital and facilitating corporate restructuring. While such clauses are designed to ensure market liquidity and smooth exit strategies for majority shareholders, they must be balanced with robust safeguards. Consequently, where drag-along obligations are provided for, they should always guarantee that minority shareholders receive the same financial terms and per-share price as the transferring majority, thereby ensuring a high level of minority protection within the EU Inc. framework.

(40b) Certain minimum shareholder rights should be defined, including as regards the convocation of, information regarding, and questions at general meetings. Shareholders holding at least one-tenth of the number of shares should also be able to request the appointment of an independent expert to investigate suspicions of material breaches of law or the articles of association. The findings of the investigation should be purely declaratory and should not be binding on administrative authorities or competent courts.

PUBLIC

(41) To provide EU Inc. companies with a wide spectrum of financing options and their investors with credible exit opportunities, thereby enhancing the free movement of capital within the Union and from third countries, the trading of the securities of an EU Inc. company should not be limited to debt instruments. An EU Inc. company should have the possibility to access multilateral trading facilities such as SME growth markets for the trading of its shares and Member States should not prohibit such access. Where an EU Inc. company seeks the admission of its shares to trading on such markets, it should comply with all applicable requirements under Union and national laws, including those already harmonised through Directive 2014/65/EU (MiFID II), Regulation (EU) No 596/2014[17] on market abuse and Directive (EU) 2024/2810[18] on multiple-vote share structures in companies that seek admission to trading of their shares on a multilateral trading facility**, as well as Regulation (EU) No 909/2014 (CSDR) on improving securities settlement in the European Union and on central securities depositories and Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology that modifies certain provisions of Regulation (EU) No 909/2014 (CSDR). That applicable law could include national corporate law or other law affecting the EU Inc.'s corporate governance**. Where that Union and national law diverges from this Regulation, for instance by imposing different shareholder rights requirements or by requiring a different model for share registration, that applicable law should prevail over this Regulation. However, that applicable law may not require the EU Inc. to change into another legal form.

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17 Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/(OJ L 173, 12.6.2014, pp. 1–61), ELI: http://data.europa.eu/eli/reg/2014/596/2024-12-04

18 Directive (EU) 2024/2810 of the European Parliament and of the Council of 23 October 2024 on multiple-vote share structures in companies that seek admission to trading of their shares on a multilateral trading facility (OJ L, 2024/2810, 14.11.2024), ELI: http://data.europa.eu/eli/dir/2024/2810/oj

(42) To further support scaleups and other more mature EU Inc. companies in meeting their equity financing needs, Member States may allow an EU Inc. company to seek admission to trading of its shares on a regulated market. Such access should equally require compliance with all applicable Union and national laws, for example Directive 2014/65/EU (MiFID II), the requirements set out in Regulation (EU) 2017/1129[19] on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, Directive 2007/36/EC[20] on the exercise of certain rights of shareholders in listed companies and Directive 2004/109/EC[21] on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. Where that Union and national law diverges from this Regulation, for instance by imposing different shareholder rights requirements or by requiring a different model for share registration, that applicable law should prevail over this Regulation. However, where a Member State allows EU Inc. companies to seek admission to a regulated market, that applicable law may not require the EU Inc. to change into another legal form.

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19 Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, pp. 12–82), ELI: http://data.europa.eu/eli/reg/2017/1129/2024-12-04

20 Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ L 184, 14.7.2007, pp. 17–24), ELI: http://data.europa.eu/eli/dir/2007/36/2024-01-09

21 Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, pp. 38–57), ELI: http://data.europa.eu/eli/dir/2004/109/2024-01-09

(43) Fragmentation of the laws of Member States concerning the financing of Union businesses constrains companies in their ability to attract investors, in particular from other Member States and third countries. Cross-border investors such as venture capitalists and angel investors are deterred by high transaction costs, complex cross-border due diligence, and unfamiliar national corporate structures. To overcome these barriers and align with the objectives of the Commission Communication of 19 March 2025 entitled 'Savings and Investments Union. A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU', the EU Inc. should be subject to a harmonised and comprehensive financing framework that does not require recourse to national law. This framework should be specifically designed to attract and facilitate cross-border equity investment by providing harmonised highly flexible and legally certain funding mechanisms. It should also balance and accommodate the needs of founders and of early-stage and growth investors to ensure that EU Inc. companies are highly attractive when competing for venture capital and other investments on a global scale.

(44) In order to provide flexible conditions for investment throughout the Union, the shares of an EU Inc. company should not be required to have a nominal value. EU Inc. companies should, however, have the possibility to have a non-zero capital which is specified in their articles of association, forms part of the company's equity for accounting purposes and is subject to stricter protective provisions than other parts of equity. By default, the shares should also not represent a fraction of the company's capital. The economic and control rights attached to a share should accordingly also not depend on a contribution made to capital. The EU Inc. should have the possibility to offer the appropriate rights and ask for the consideration for shares that is in the interest of the company and that best attracts equity investment in it, not being constrained by a mandatory link between its capital and shares.

(45) Enabling shares without a nominal value is particularly important to facilitate common arrangements for venture capital and early-stage financing. In traditional par-value systems, shares cannot be issued below their nominal value, which creates structural obstacles during critical situations where a company's valuation has decreased and new shares need to be issued in a 'down round' at a lower price to raise new equity. Furthermore, non-par value shares facilitate the seamless operation of convertible instruments such as Simple Agreements for Future Equity (SAFE) and Keep It Simple Securities (KISS). Where such instruments require a conversion at a fluctuating, discounted price, the rigid application of the par value principle could legally prevent their execution. By removing the mandatory requirements for a par value of shares, the EU Inc. is equipped to price its equity dynamically, absorb valuation fluctuations and enter into investment arrangements with terms in accordance with global market standards.

(46) An EU Inc. should be able to raise equity in a flexible way and founders and shareholders should be free to choose the appropriate financing options without facing unnecessary legal constraints arising from divergent national rules. The amount of capital of the EU Inc. should therefore not be required by law and may be 0 EUR throughout the company~~'~~'s lifetime. In the absence of capital, modern and highly effective safeguards for creditors should be achieved through other means, notably through balance sheet and solvency tests governing distributions to shareholders. If, and only if, founders and shareholders choose to build up capital, such capital should be subject to conventional maintenance rules. **Any assets in excess of an EU Inc. company's share capital - for example, consideration for shares not contributed to the company's capital, or assets resulting from profits made by the company - should be freely distributable in accordance with the distribution provisions of this Regulation, unless the articles of association provide for further restrictions.**

PUBLIC

(47) The financing framework of the EU Inc. allows for a highly flexible allocation of equity investments. When issuing new shares, the company should be able to require a consideration for shares in the form of a capital contribution or raise equity that is not part of the company's ~~legal~~**share** capital. This structure ensures that bespoke classes of shares, share buybacks, redemptions and complex funding mechanisms can operate without creating frictions with conventional capital maintenance rules.

(48) To facilitate all types of equity investment in an EU Inc., any transfer of economic value should be permitted as a consideration for a share in the company. Unless shares are issued for consideration in the form of a capital contribution, an EU Inc. should not have to require immediate payment of a consideration for shares. In particular, to avoid delays in registration caused by the requirement to open a corporate bank account for the consideration for the first shares, such consideration should not have to be paid before registration. In-kind considerations should also be possible in the form of work and services but should always have their value determined. Where the value of an in-kind consideration is overstated, shareholders should have to compensate the company for the shortfall in value provided.

(49) While the subscription of the first shares of an EU Inc. is declared in the articles of association, the issuance of further shares should be generally subject to a decision of the general meeting. To facilitate the swift execution of financing rounds, an EU Inc. should also be able to have its board of directors authorised to decide on the issuance of such new shares. Such authorisation should only be required to set out the maximum number of authorised shares but may be subject to any further limitations deemed appropriate by the shareholders. To ensure a low level of transaction costs and remove barriers to cross-border investment, subscriptions for new shares should be made by electronic means and should not be subject to additional formalities imposed by Member States. However, as in the case for the first shares, this Regulation does not affect formal requirements applying to the transfer of specific types of property as consideration for shares. For instance, if immovable property were part of the in-kind consideration for new shares, the transfer of that immovable property would remain subject to any legal formalities under national law, such as a requirement to use a deed and to notify the land registry.

(50) Existing shareholders should generally have pre-emptive rights in new shares issued for cash consideration to enable them to maintain their stake in the company. However, to facilitate the entry of new investors, the general meeting or, where authorised to do so, the board of directors should have the possibility to modify or exclude such rights.

(51) Provided that the relevant requirements foreseen in Union and national laws are complied with, an EU Inc. company can issue any type of securities. To facilitate particularly early-stage investments such as Simple Agreements for Future Equity (SAFE) and Keep It Simple Security (KISS) convertible notes as well as employee stock ownership in an EU Inc., the company should also have broad flexibility in issuing instruments that entitle their holders to new shares. As is the case for the issuance of new shares, the swift issuance of such instruments should be facilitated by providing for the possibility to authorise the board of directors to decide on the issuance of the instruments. Since such instruments ultimately lead to the issuance of new shares, existing shareholders should generally have pre-emptive rights in them. As regards the issuance of new shares to satisfy claims from the instruments, the board of directors should not need further authorisation for such issuance and existing shareholders should not have pre-emptive rights in the new shares.

(52) While an EU Inc. company should not be required to have a capital greater than EUR 0, it should have the possibility to increase its capital not only by issuing new shares against capital contributions but also by converting other parts of equity to capital, unless such conversion is incompatible with their purpose.

PUBLIC

(53) Distributions to shareholders should be subject to a balance sheet and solvency test, ensuring that an EU Inc. remains viable and meets its obligations towards creditors following a distribution. The balance sheet test should be based on the most recent balance sheet, which should either be the annual balance sheet for the previous financial year or a subsequent interim balance sheet. The solvency test should be made on the basis of current financial data, taking into account projected cash flows and existing and foreseeable liabilities of the company. It should confirm that, after a distribution, the company would still be able to pay its debts, including its tax and social security obligations as well as any claims for wages and other employment-related claims, as they fall due in the normal course of business in the 12 months following the date of the distribution. To ensure the credibility of the balance sheet and solvency test, all directors should be required to confirm the result of the two tests, and they should be personally liable where the tests are not performed or not performed with due care. Shareholders should furthermore be required to return unlawful distributions where they knew or should have been aware of the irregularities.

(54) An EU Inc. company should not be able to subscribe to its own shares. To facilitate a flexible financing structure, it should however be able to purchase its own shares from others upon a decision of the general meeting or, where authorised, the board of directors. To ensure the viability of the company, the safeguards for distributions should also apply to purchases of own shares. Where own shares have been purchased, the company should have full flexibility to hold them for later use, transfer them further or cancel them. Cancellation should be subject to a decision of the general meeting or, where it is authorised, the board of directors.

(55) To further facilitate investment in EU Inc. companies, including from investors that wish to have a predetermined exit option, the EU Inc. should also be able to issue redeemable shares. Upon redemption, such shares should be cancelled and the redemption price be paid to the investor. However, to ensure the viability of the company, the EU Inc. should only be required to pay the redemption price where such payment complies with the safeguards for distributions.

PUBLIC

(56) Where the company has built up capital, any reduction of it should generally be subject to a balance sheet and solvency test similar to the one required for distributions. To protect creditors which may rely on the stated capital providing them additional security against default, such test should be accompanied by a report of an independent expert certifying that the expert has inquired into the company's state of affairs and is not aware of any matters that would indicate that the balance sheet and solvency test is unreasonable. Where capital is only reduced to cover losses or where it is increased at the same time by at least the amount of the reduction, no additional protection is warranted and the reduction should therefore not be subject to these safeguards.

PUBLIC

(57) Providing employees with equity and facilitating investment in their company is an important way to attract and retain talent, and a preferred means of providing them with a stake in the company's growth. Currently, divergent national requirements in this regard impede the scale-up of companies in the internal market. EU Inc. companies should therefore benefit from **the right to establish** a harmonised simple employee stock option plan ~~which they can establish~~ for their staff throughout the internal market. Such **a** plan, the EU-ESO, should enable an EU Inc. company to issue warrants to a broad group of eligible persons covering not only members of the board and employees of the EU Inc. but also of its subsidiaries. Such warrants would entitle their holders to receive shares in the EU Inc. company upon exercise of the warrants, for a consideration (exercise price) the amount of which, or the basis for calculating which, is pre-determined at the time of the issuance of the warrants. In line with the purposes of attracting and retaining talent and incentivising employees' participation in the scaleup of the EU Inc., the warrants should be subject to a minimum vesting period and should not be issued to persons who already hold a significant stake in the EU Inc. In addition to these safeguards, the company is free to offer EU-ESO warrants with further limitations in line with those purposes, such as lapse provisions where the person leaves the company within the vesting period. Where an EU-ESO is established, the board of directors should be authorised to issue warrants and satisfy the claims arising from the warrants either by issuing new shares or transferring own shares held by the EU Inc. company, within the limits of the plan. The Regulation should lay down minimum aspects of the EU-ESO that must be determined by a resolution of the general meeting. That resolution could determine other aspects, including imposing a time-limit by which the warrants must be exercised or lapse. The board of directors, acting in accordance with their duties including the duty to act in the best interests of the company, should be able to decide on aspects not determined by the resolution or by law. **The rules regarding EU-ESOs are a *lex specialis* of the general rules regarding instruments entitling to new shares, and so prevail in case of any differences.**

PUBLIC

(57a) The harmonised EU-ESO scheme established by this Regulation is optional for EU Inc. companies. Those companies remain free to issue other warrants outside of the EU-ESO scheme. The harmonised EU-ESO also does not affect any existing national employee stock option schemes, including any taxation benefits or other incentives they may have. Where an EU Inc. company chooses to issue warrants that comply with those national schemes, they may benefit from those schemes' incentives in accordance with national law.

PUBLIC

(58) Currently, under Member States' laws, warrants granted to employees may be taxed at different points in time. This situation makes the warrants unattractive, especially in cross-border cases, as it leads to complexity and may result in taxation of unrealised income, which gives rise to cash-flow disadvantages for employees. To address these issues and ensure that taxation takes place at the same time in all Member States, the income derived from the warrants granted under the EU-ESO **that are small mid-caps or micro-, small- or medium-sized enterprises** should be taxed only once, when the shares obtained by exercising the warrant are disposed of. No taxable income should be deemed to arise at the time of granting, vesting, or exercising of the warrant. Member States should remain entirely free to determine how the income derived from the disposal of the shares obtained by exercising the warrant is characterised for tax purposes (such as whether it is characterised as income or capital gains tax) and the rate(s) at which it should be taxed. Member States also remain free to levy, in compliance with Union and national law, social security or pension contributions on the income derived. However, to avoid double taxation or disputes between Member States in cross-border situations, it is crucial that the taxable income is calculated in the same way by all Member States. Therefore, taxation should take place on an amount equal to the difference between the disposal price of the shares **or, if this is manifestly undervalued, the fair market value,** and their acquisition price. ~~Many Member States have already introduced preferential tax regimes for employee stock options or similar instruments. To the extent the EU-ESO meets the relevant criteria of such instruments, the taxation of shares issued by exercising warrants under the EU-ESO should be granted the same treatment as provided under Member States' national law. This Regulation determines two narrow aspects of taxation of this harmonised stock option scheme, namely the time at which taxation takes place and the value on which taxation is calculated. These narrow aspects are strictly necessary to achieve the main objectives of the EU Inc., namely to ensure that EU Inc. companies with no more than 1000 employees and 450m EUR in turnover are able to attract the best talent by a harmonised stock option scheme. Whilst narrow and ancillary to the main proposal, these provisions are important to ensure the predictability and attractiveness of that scheme. They do not affect in any way Member States' broader competence regarding taxation or the applicable legal procedures for legislation harmonising taxation.~~

PUBLIC

(58aa) This Regulation determines two narrow aspects of taxation of this harmonised stock option scheme, namely the time at which taxation takes place and the value on which taxation is calculated. These narrow aspects are strictly necessary to achieve the main objectives of the EU Inc., namely to ensure that EU Inc. companies that are small mid-caps or micro-, small- or medium-sized enterprises are able to attract the best talent by a harmonised stock option scheme. Whilst narrow and ancillary to the main proposal, these provisions are important to ensure the predictability and attractiveness of that scheme. They do not affect any other aspect of taxation. All other tax aspects, including the determination of the tax residence of the employees of the EU Inc remain within the remit of each Member State's national law and, where relevant, the applicable double tax treaties, including the allocation of taxation rights. Moreover, these narrow aspects should not affect anti-abuse rules applicable pursuant to international, Union or national law, or rules designed to ensure that taxation can be enforced where an individual changes tax residency, to the extent that they are compliant with Union law. The co-legislators' decision to include these provisions is based on the highly specific circumstances of the EU Inc. case.'

(58a) Certain limited aspects of the end of life and closure of an EU Inc. company should be harmonised. ~~Conversely, most~~**Other** aspects of closure, including ~~both regular liquidation and~~ insolvency, ~~should be~~**are outside the scope of this Regulation and** left to the applicable Union and national law.

(59) Digital solutions are important at the end of the company lifecycle, both for solvent companies being wound up and for companies undergoing insolvency proceedings as they contribute to a more efficient closure procedure. This, in turn, allows companies to direct their human and financial resources into new entrepreneurial projects and therefore, diminishes the cost of failure. This is important for small companies, with fewer resources and in particular for startups, whose failure rate tends to be higher than for larger companies.

PUBLIC

(60) Therefore, the digital only approach should also cover the dissolution and liquidation of EU Inc. companies outside of insolvency proceedings, meaning that the EU Inc. company or the liquidator, who may be a director or an external person appointed according to national legislation, should be able to submit all information or documents related to dissolution and liquidation to the business register fully online, and creditors of an EU Inc. company should be able to submit their claims fully digitally to the company or to the liquidator. As in the context of setting up, a seamless "once-only" data exchange should be also ensured between the business register of registration of an EU Inc. company and other competent national authorities relevant for its liquidation in the same Member State, such as tax or social security authorities. This would mean that the EU Inc. company would not need to submit again to the other authorities the information it had already submitted to the business register, which should reduce the delays and costs caused by separate submissions in the context of a dissolution procedure that should be swift in the interest of all stakeholders. Since the relevant national authorities involved in the liquidation of a company might differ across Member States, each Member State should decide to which national authorities this "once-only" data exchange with the business register should apply.

(61) While increasing the efficiency of the procedure thanks to digital tools, it is also important to ensure that transparent information about the liquidation of an EU Inc. company is easily available to creditors and other third parties – in business registers and through BRIS – by introducing harmonised obligations on companies and business registers. In case liquidation of an EU Inc. company is necessary due to nullity, the conditions and consequences should be harmonised to ensure legal certainty and the nullity should only be ordered by a court decision and on the basis of an exhaustive list of grounds. These harmonised conditions should reflect Article 11 of Directive 2017/1132.

PUBLIC

(62) Simplified rules are in particular needed in simple liquidation cases, for instance, where solvent companies have ceased their economic activity and do not have liabilities, to allow such companies to complete the procedure and be removed or struck off from the business register within a maximum of around three months. Such fast-track liquidation should be available for the EU Inc. companies with no pending administrative or judicial proceedings, no assets available for economic use, which should in any case be distributed at the latest at the time of the filing for liquidation, and no debts. The fast-track procedure should also cover simple cases where some creditors, and therefore liabilities, still remain but such procedure could only be launched if those creditors give their consent. For ~~this~~**the** specific purpose **of launching and opposing the fast-track procedure provisions** only, tax and social security authorities should not qualify as 'creditors'. Those authorities benefit from specific information access under the once-only principle and a specific statutory objection procedure, and requiring their prior consent in addition would create an unnecessary administrative burden. **They could qualify as creditors for all other purposes, including the exercise of the rights of creditors whose claims were still under consideration or were not submitted during the fast-track procedure.**

(63) The fast-track procedure, while allowing companies to close within a short period of time, should also ensure that creditors are protected and provide for transparent information to third parties concerned. This should be ensured by making the information that the EU Inc. company is in the fast-track liquidation procedure and the relevant documents filed by the EU Inc. company publicly available in the business register where it is registered, including the statement by all directors confirming that the conditions are met to undergo this procedure. **The EU Inc. company should be represented by a director or directors for the purposes of the fast-track procedure. This should not prevent the EU Inc. company from appointing another person, such as a lawyer or an accountant, to take other relevant steps for the strict purposes of liquidation, in the rare case that such steps are necessary.** Given that the fast-track procedure is limited to simple liquidation cases, ~~it should be possible for~~ the EU Inc. ~~to be represented by a director or another authorised person, without a~~**should not** need to appoint a liquidator.

(64) Similarly, to strike the right balance between a short procedure and sufficient creditor protection, creditors of the EU Inc. company should have the possibility to oppose the fast-track procedure but within a relatively short deadline of 30 days following the publication of the information about its launch in the business register. This safeguard particularly aims at protecting creditors whose claims have not been reflected in the statement of directors of the EU Inc. and in the financial statement. Nevertheless, all creditors -- including those who had initially consented to the procedure -- should have an absolute right to veto the use of the fast-track procedure. In case the business register receives an objection from any creditor, it should provide the EU Inc. company with information about the creditor and their reason for objecting. Where the fast-track procedure is terminated because of an objection, national law will apply; in order to be liquidated, the company may need to make a new application under the relevant national law. Furthermore, where the fast-track liquidation procedure is completed but ~~asserts~~**assets** are discovered subsequently, national law would apply, and could provide for subsequent liquidation mechanisms or supplementary winding-up procedures for those assets.

(65) In order to ensure that the EU Inc. company undergoing the fast-track liquidation procedure does not have any tax or social security debts and has not failed to comply with any tax- or social security-related obligations, the national tax and social authorities in the Member State of registration of the EU Inc. company should have 30 days to issue clearance or submit their opposition to the fast-track liquidation. A prolongation of a maximum of 30 days would be possible in case additional information was needed or additional activity had to be carried out by the relevant authority. In order to limit administrative delays, it should be presumed that the tax and social security authorities granted their clearance if they do not notify their position to the business register within the initial or extended deadline. These provisions only affect the granting of clearance for the purposes of removing the company from the register, and in no way affect the liability of the company or other actors under tax and social security law.

(66) After the expiry of the deadlines, both for creditors and for the tax and social security authorities, and assuming that no objections have been received, the business register should remove the registration of the EU Inc. company from its records without delay. In case the business register receives reasoned objections from creditors after the 30-day deadline has expired but before it has removed the EU Inc. from the register, it should be able to take those objections into consideration and decide not to remove the company from the register, to ensure that those claims are safeguarded. In order to ensure that potential assets, liabilities or administrative or judicial proceedings are handled smoothly after the EU Inc. company is removed from the business register, its books and records should be kept for a period of six years by a **natural or legal** person appointed by the general meeting ~~or by the court~~. The directors of the EU Inc. company which was removed from the business register should remain jointly and severally liable for any claims of creditors that were not satisfied.

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PUBLIC

(76) Without prejudice to Article 20 of the Charter and the general principle of equal treatment, and in line with the non-discrimination principle under the fundamental freedoms, Member States should treat in law and in fact EU Inc. companies registered in another Member State in a non-discriminatory manner vis-à-vis EU Inc. companies registered in their territory and other limited liability companies formed in accordance with their national law as regards comparable aspects, unless it can be demonstrated that the differential treatment is objectively justified and proportionate. This provision should also apply ~~with regard~~ to any discriminatory national sectoral law. ~~It~~**However, this provision** should not apply to **law not affected by this Regulation, such as Union and national employment, taxation, social security or insolvency law, nor to Union** sectoral ~~requirements imposed by~~**law or national law implementing such** Union **sectoral** law~~, including Directives~~. Moreover, it should be limited to the activities of an EU Inc., and so should not concern the setting-up of an EU Inc. company, including its formation and registration.

(77) Certain national rules are particularly obstructive of the free exercise by market operators of the fundamental freedoms laid down in the Treaties. While these rules concern all market operators, they are particularly damaging to those that pursue an economic activity with a view to innovation, productivity and scaling-up in the internal market in particular in a cross-border context, which will often be set up under the EU Inc. company form. Such companies, in particular when requiring public support or experiencing difficulties with completing administrative procedures for taking up an economic activity in another Member State, are particularly vulnerable to certain serious national restrictions which are in view of the case law of the CJEU clearly unjustified or disproportionate. With regard to requests for public support of EU Inc. companies, a distinction should be drawn between financial and non-financial public support. Given the link to public finances, Member States should be able to require the EU Inc companies to carry out an economic activity in their territory in order to be eligible for financial public support such as research, development or innovation grants or any other public subventions to help the company grow on the same conditions as locally established limited liability companies. However, non-financial public support, such as assistance with networking with business angels, clusters and other businesses, free legal advice or training on applicable national legal requirements, as well as information on upcoming public procurement which facilitate taking up business activities in the Member States, should be accessible to EU Inc. companies without any such requirement.

(78) In order to prevent such measures from impeding the good functioning of the internal market, and to reduce the need for long and costly litigation, these restrictions should be prohibited altogether without the possibility of justification. The prohibition on requirements to have a local representative or a physical presence in order to complete a procedure necessary to take up or exercise an economic activity or to obtain an authorisation is limited to the completion of the procedure. The subsequent taking up or exercise of that activity is not covered by this prohibition. The provisions set out herein should also apply to any national sectoral law. This Regulation should also not be construed as justifying restrictions to the freedom of establishment, free movement of goods, workers and services contrary to the TFEU or other provisions of Union law, including with respect to persons or companies outside the scope of this Regulation. **The lists of prohibited requirements of this Regulation and of Directive 2006/123/EC complement each other and apply in parallel.**

(79) Business registers and authorities in charge of issuing the TIN and the VAT identification number, social security authorities and beneficial ownership registers should process any personal data of legal representatives and other persons that can lawfully represent a company, and of single shareholders, including personal data which are to be made publicly available in the registers, in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council[22]. The Commission should process personal data in the context of this Regulation in accordance with Regulation (EU) 2018/1725 of the European Parliament and of the Council[23].

(80) EU Inc. companies are required to process personal data in the digital register of shares in accordance with Regulation (EU) 2016/679.

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22 Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1), ELI: http://data.europa.eu/eli/reg/2016/679/2016-05-04

23 Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39), ELI: http://data.europa.eu/eli/reg/2018/1725/oj

(80a) The EU Inc. should be subject to the requirements of the applicable accounting law of the Member State in which its registered office is situated. This includes the national law transposing Directive 2013/34/EU, given that all national limited liability companies are within the scope of that Directive. However, specific rules on filing and public availability of accounting documents, laid down by this Regulation, should apply.

(80b) Member States are responsible for laying down and enforcing effective, proportionate and dissuasive penalties for infringements of this Regulation.

(80c) Certain limited aspects of remedies are also laid down in this Regulation, such as a specific procedure for withdrawal of shareholders. National civil and civil procedural law will apply to most private disputes within the scope of this Regulation, such as disputes concerning shareholder rights or directors' duties. That national law could provide for different remedies for these disputes, including damages or the nullity of certain company resolutions, for instance where a general meeting decision is taken in violation of class right protection. These matters are left to national law, subject to the requirements of this Regulation, the principles of effectiveness and equivalence, and Article 47 of the Charter of Fundamental Rights.

(81) Whilst acknowledging the competence of Member States to organise their national judiciary systems, they could designate or establish a specialised judicial chamber or court for disputes involving EU Inc. companies on matters covered by this Regulation. That would facilitate a seamless conduct of procedures and could generate a coherent national jurisprudence, with disputes arising under the Regulation being resolved by judges possessing the expertise for company and insolvency law litigation. If disputes are resolved more rapidly and at lower cost, it would increase the attractiveness of the new legal form for its addressees and reduce the incentive for startups and scaleups to move to third country jurisdictions. In addition, the Commission’s Communication on European Judicial Training Strategy 2025-2030 has identified the necessity of upskilling of justice professionals within the legal framework proposed by this Regulation, which can be tailored in the process of specialisation.

PUBLIC

(82) This Regulation does not affect the ability of Member States to examine applications for the formation of companies and registration of branches in order to address fraud or abuse, in compliance with Union law, or Member States' investigation and enforcement actions, including by the police or other competent authorities. Obligations under Union and national law arising from anti-money laundering and counter terrorist financing should remain unaffected. Given the risk of misuse of legal business structures stressed in Europol's Serious and Organised Crime Threat Assessment of 2025, authorities in the Union and Member States need to make sure that the EU Inc. is not misused by organised crime networks or other criminals.

~~(83)~~

(84) The objectives of this Regulation, namely to provide a common legal framework for companies, in particular startups and scaleups, in the Union, to provide simple and efficient corporate rules and procedures throughout the company lifecycle and to ensure that corporate rules provide an enabling framework to invest, cannot be sufficiently achieved by the Member States, but can rather, by reason of their scale and effects, be better achieved at Union level. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

(85) The Commission should carry out an evaluation of this Regulation. The evaluation should cover, among others, the take up of the EU Inc. new legal form, how the EU Inc. companies were formed and how many were formed through the EU central interface and with harmonised templates. Every five years the Commission should also review the maximum cost of EUR 100 for the fast-track formation of an EU Inc. through the EU central interface in line with the harmonised index of consumer prices.

PUBLIC

(86) The European Data Protection Supervisor was consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725 of the European Parliament and of the Council (13), and delivered an opinion on **12 May 2026** [**DQL to** insert ~~date~~**ref**].

(86a) In order to ensure that the cost ceiling for the fast-track procedure evolves in line with inflation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of updating that cost. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

~~(86b)~~

(87) In order to allow time for preparation of Member States and companies, this Regulation should apply ~~27~~**21** months after its entry into force.

PUBLIC

HAVE ADOPTED THIS REGULATION:

CHAPTER I
GENERAL PRINCIPLES

PUBLIC

Article 1

Subject matter and scope

1. This Regulation lays down rules to improve the functioning of the internal market and to create an efficient legal framework for companies and investors by:

(a) creating a new harmonised legal form of a limited liability company ('EU Inc.') provided in the legal order of every Member State;

(b) creating an EU central interface, based on the Business Registers Interconnection System (BRIS), for the purposes of the registration of companies taking the EU Inc. legal form, as well as for filing by EU Inc. companies;

(c) introducing measures to reduce obstacles to the use and acceptance of documents and information regarding EU Inc. companies including through the application of the once-only principle;

(d) introducing measures to reduce administrative burden in procedures covered by this Regulation throughout the lifecycle of EU Inc. companies including investment-related procedures;

(e) removing obstacles with respect to financing of EU Inc. companies and investment in such companies;

(f) harmonising nullity rules and certain other aspects regarding the closure of EU ~~Incs~~**Inc. companies**;

(g) prohibiting certain discriminatory measures with respect to EU Inc. companies whose registered office is in another Member State.

2. This Regulation does not affect Union and national employment, taxation, social security or insolvency law, without prejudice to Articles 12 and 79.

3. If the nature of the business carried out by an EU Inc. is regulated by specific provisions of Union or national law, those laws shall apply in full to the EU Inc.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

(1) 'EU central interface' means a digital user interface established, operated and maintained by the Commission, based on BRIS and its Union digital access point, as referred to in Article 22 of Directive (EU) 2017/1132;

(2) 'Business Registers Interconnection System' ('BRIS') means the system of interconnection of registers operating at the Union level, composed by the business registers of the Member States, the platform and the E-Justice portal as referred to Article 22 of Directive (EU) 2017/1132;

(3) 'business register' means a central, commercial or companies register referred to in Article 16(1) of Directive (EU) 2017/1132;

(4) 'shareholder' means one of the founding shareholders and any other legal or natural person who is registered into the digital register of shares;

(5) 'articles of association' means both the instrument of constitution and the statutes in one single document;

(6) 'branch' means a fixed establishment, which is not a separate legal person but may have separate management, through which an economic activity of a company is carried out;

(7) 'fully online procedure' means a procedure that can be carried out fully online without the necessity to appear in person before any authority or person or body mandated under national law to deal with any aspect of the procedure;

PUBLIC

(8) ‘employee participation’ means participation as defined in point (k) of Article 2 of Directive 2001/86/EC;

(9) ‘formation’ means the whole procedure of establishing an EU Inc. including all the necessary steps for its entry in the business register;

(10) ‘filing’ means the procedure of submitting information or documents to a business register excluding the formation of an EU Inc., either directly or through the EU central interface.

(11) ‘object of the company’ means the main activity or activities of the company, expressed using the relevant Statistical Classification of Economic Activities in the European Community (NACE) code and, where the EU templates are not used, also more specific activities and purposes, if any, expressed in free text;

(12) ‘single-member company’ means a company the shares of which are held by a single shareholder;

(13) ‘liquidation’ means the procedure of the winding up of the dissolved company’s affairs;

(14) ‘digital EU power of attorney’ means a standardised, digitally authenticated document that authorises a person to represent a company in cross-border company law procedures within the Union and is accepted as evidence of the authorised person's entitlement to act on behalf of the company in accordance with Article 16c of Directive (EU) 2017/1132;

(15) ‘EU Company Certificate’ means an authenticated document issued by a Member State business register containing key information about a company registered in that business register, which is accepted in EU Member States, in accordance with Article 16b of Directive (EU) 2017/1132;

(16) ‘legalisation’ means the formality for certifying the authenticity of a public office holder’s signature on a document, the capacity in which the person signing that document has acted and, where appropriate, the identity of the seal or stamp which that document bears;

(17) ‘similar formality’ means the addition of the certificate provided for by the Apostille Convention;

PUBLIC

(18) ‘registration of a branch’ means a process leading to ~~disclosure~~**the making available** of documents and information relating to a branch newly opened in a Member State;

(19) ‘related party’ has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council[24];

(19a) 'close member of the family of a director' has the same meaning as the concept 'close members of the family of a person' in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council;

(20) ‘distribution’ means any direct or indirect transfer of economic value to a shareholder without due consideration and in the absence of a genuine commercial purpose, with the exception of capital reductions, the acquisition of own shares by the company and the redemption of shares;

(21) ‘digital register of shares’ means the record of shares maintained in a digital format by the company or by a third party, which contains information on the ownership of the shares at any time by identifying the holder of each share, as well as the history of all share transfers;

(22) ‘share transfer’ means a transaction involving any change in share ownership, regardless whether the transaction is carried out for consideration or for free;

(23) ‘digital share certificate’ means a legal document issued by the company specifying the shares held by a shareholder as included in the digital register of shares that evidences the entitlement of ownership of the shares specified therein;

(24) ‘multilateral trading facility’ means a multilateral trading facility as defined in Article 4(1), point (22), of Directive 2014/65/EU;

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24 Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, pp. 1–4), ELI: http://data.europa.eu/eli/reg/2002/1606/2008-04-10

(25) ‘regulated market’ means a regulated market as defined in Article 4(1), point (21), of Directive 2014/65/EU;

(26) ‘convertible instruments’ means instruments, which give their holders, in whole or in part, a right or duty to exchange their claim against the company for new shares in the company;

(27) ‘warrants’ means instruments which entitle their holders to ~~subscribe for new~~ shares in the company for a consideration whose amount, or whose calculation basis, is pre-determined at the time of the issuance of the instruments;

(28) ‘pre-emptive right’ means the preferential right held by existing shareholders to acquire new shares or instruments entitling to new shares;

(29) ‘dissolution’ means the decision or event, including a decision of the general meeting, the expiry of a term or occurrence of an event specified in the articles of association or a judicial order, that marks the end of the company´s normal business operations and~~,~~ ~~except in cases of restructuring or rescue as provided by insolvency law,~~ initiates the liquidation process **or otherwise requires the company to enter into liquidation**;

(30) ‘regular liquidation’ means a liquidation unrelated to insolvency proceedings **as defined by national law**.

Article 3

Legal form and general principles

EU Inc. shall be a legal form provided for in the legal order of each Member State, which shall have the following characteristics:

(a) a shareholder shall not be liable for the obligations of the company;

(b) it shall have legal personality pursuant to the law of the Member State of registration, which shall be recognised by other Member States;

(c) it may be formed by one or more natural or legal persons;

(d) it may be formed ex nihilo in accordance with Articles 16 to 19 or through domestic or cross-border conversions, mergers or divisions in accordance with Article 21;

(e) it shall be allocated a European Unique Identifier (EUID) in accordance with Article 16(1) of Directive (EU) 2017/1132 upon registration;

(f) it shall be set up for an unlimited period of time, unless provided otherwise in the articles of association.

Article 4

Rules applicable to EU Inc. companies

1. EU Inc. companies shall be governed:

(a) by this Regulation,

(b) where and to the extent that this Regulation~~, including in its Annex I,~~ expressly requires or permits a matter to be regulated by the articles of association, by their articles of association, which shall comply with this Regulation, and

(c) in the case of matters neither governed by this Regulation nor the articles of association in accordance with point (b), by national law.

~~(i)~~

~~(ii)~~

2. For the purposes of paragraph 1, point (c), Member States shall designate one or more national legal forms and/or specify or lay down provisions.

~~(a)~~

~~(b)~~

~~3.~~

PUBLIC

Article 5

Legal personality

1. An EU Inc. company shall be registered in the business register of the Member State chosen for its registered office.

2. An EU Inc. company formed in accordance with Articles 16 to 19 of this Regulation shall acquire legal personality on the date on which it is registered in the business register.

   If acts have been performed in the name of an EU Inc. company before its registration in accordance with Articles 16 to 19 and it does not assume the obligations arising out of such acts after its registration, the natural and legal persons which performed those acts shall, without limit, be jointly and severally liable therefor.

Article 6

Name of the EU Inc. company and of its branch

1. The name of the company shall comply with the following:

   (a) include 'EU Inc.' at the end;

   (b) fulfil the ~~function~~**purpose** of a name **by identifying the company**;

   (c) not mislead, intentionally or otherwise, the public, including:

      (i) by misleading the public as to its nature or the nature of its business activities;

      (ii) by being confusingly similar to the name of any existing limited liability company, including an EU Inc. company, whose information is available via the Business Registers Interconnection System ('BRIS');

   (d) not be contrary to public policy or to accepted principles of morality;

   (e) where provided by national law, not conflict with an existing ~~trademark~~**trade mark**.

PUBLIC

2. Registering a company name shall not affect any claim another person may have regarding the improper use of a name contrary to Union or national law.

3. A branch of an EU Inc. company shall have the name of that company which shall be complemented by the branch indication.

~~4. Member States shall not apply rules that unduly interfere with the lawful registration and use of that name throughout the Union.~~

Article 7

Articles of association

1. An EU Inc. shall have articles of association.

2. The articles of association shall cover at least the matters laid down in this Regulation, as specified in **Section 1 of** the Annex. **The articles of association may cover other matters where expressly permitted by this Regulation, as listed in Section 2 of the Annex.**

3. The articles of association shall be digital, machine-readable and shall store information as structured data.

4. The articles of association shall be drawn up in at least one of the official languages permitted by the language rules applicable in the Member State of registration, and in a language customary in the sphere of international business and finance and shall be made publicly available in accordance with Article 25(1).

PUBLIC

5. Where an EU Inc. company adopts the standard articles of association as referred to in Article 8, both language versions shall have equal legal value.

Where an EU Inc. adopts non-standard articles of association, the official language or languages of the Member state of registration shall prevail in the event of a discrepancy between the language versions.

The EU Inc. shall be liable for any damages caused to third parties acting in good faith who relied on an inaccurate, incomplete, or misleading version in a language customary in the sphere of international business and finance of the non-standard articles of association.

5a. The Commission shall be empowered to adopt delegated acts in accordance with Article 108a to amend the Annex in order to ensure that it fully reflects and aligns with the body of this Regulation.

Article 8

EU templates for standard articles of association

1. The EU templates for the standard articles of association ('EU templates') may be used as part of the formation procedure through the EU central interface or with the business register.

2. Where the EU templates are used, any requirement to have the company articles of association drawn up and certified in due legal form in accordance with national laws shall be deemed to have been fulfilled. Where those templates are not used, national law regarding the drawing up and certification in due legal form shall apply.

PUBLIC

3. The Commission shall, by means of implementing acts, establish the multilingual EU templates for the standard articles of association. Those implementing acts shall **include a technical feature enabling the creation of a consolidated version, and shall** be adopted in accordance with the examination procedure referred to in Article 107(3). The templates shall respect the following **principles**:

(a) They shall ~~include at least the minimum content required by Section 1 of the Annex~~**be tailored to different situations, taking into account the possible needs of EU Inc. companies**;

(ab) They shall be drafted in a clear, comprehensible and easy-to-use way;

(bb) They shall include at least the minimum content required by Section 1 of the Annex;

(b) They shall provide for the object of the company to be expressed exclusively in terms of NACE codes; and

(c) They may include further appropriate content as referred to in Section 2 of the Annex.

Article 9

Registered office, central administration and principal place of business

1. An EU Inc. shall have its registered office and its central administration or principal place of business in the Union.

2. Paragraph 1 shall also apply when the EU Inc. company is formed through a cross-border conversion, division or merger in accordance with Directive (EU) 2017/1132.

PUBLIC

Article 10

Principle of digital-only procedures

1. Member States shall ensure that all procedures within the scope of this Regulation involving any authority, person or body mandated under national law shall be carried out fully online.

2. The communications between the EU Inc. company and its shareholders including subscribers and purchasers of shares shall be carried out fully online unless otherwise provided in the articles of association or in any agreement between an EU Inc. company and a shareholder.

3. By way of derogation from paragraph 1, where duly justified by reason of the public interest of preventing identity misuse or alteration, or of ensuring compliance with the rules on legal capacity and on the authority of applicants to represent a company, any public authority or person or body mandated under national law to deal with any aspect of the procedures referred to in paragraph 1, may take measures which could require the physical presence. The physical presence of the person may only be required on case-by-case basis where there are reasons to suspect identity falsification or non-compliance with the rules set out in Article 14 (2), point (b), and provided that any other steps of the procedure can be completed online.

PUBLIC

Article 11

Payments

1. Where a procedure within the scope of this Regulation involving any authority, person or body mandated under national law, requires a payment, Member States shall ensure that such payment may be made by means of a widely available online payment service that can easily be used for cross-border payments, that permits identification of the person that made the payment and is provided by a payment service provider established in a Member State. For payments in Euro, this requirement is fulfilled if the payment can be made as a credit transfer or a direct debit within the scope of Regulation (EU) 260/2012.

2. **For the procedures under this Regulation which require payment or proof of payment,** Member States shall ~~ensure that the payments referred to in paragraph 1 may at least be made online to~~**not require EU Inc. companies to hold a bank account of a bank operating in the Member State of incorporation. An EU Inc. company shall be able to hold** a bank account of a bank operating in the Union~~, and that proof of such payments can be provided online~~.

Article 12

Employee participation

1. An EU Inc. formed ex nihilo in accordance with Articles 16 to 19 or through a domestic conversion, merger or division in accordance with Article 21 shall be subject to the employee participation rules, if any, applicable in the Member State in which it has its registered office.

2. Where an EU Inc. is formed through a cross-border conversion, merger or division in accordance with Chapters -I, II and IV of Title II of Directive (EU) 2017/1132 or where an EU Inc. carries out such a cross-border conversion, division or merger in accordance with Directive (EU) 2017/1132 the rules on employee participation shall be determined in accordance with Articles 86l, 133 and 160l of that Directive.

2a. ~~In accordance with Article 86b(2) of Directive (EU) 2017/1132, an~~**Member States with employee participation rules may choose to apply paragraphs 2b and 2c to cases where** EU Inc. ~~incorporated in one~~**companies registered in other** Member ~~State that converts into an EU Inc~~**States have branches on their territory**. ~~of another~~ Member ~~State does so by carrying out a cross-border conversion~~**States that do so shall comply with paragraph 2d and shall communicate the applicable employee participation threshold to the Commission, which shall publish those thresholds on the EU central interface**.

~~2a~~**2b**. ~~[OPTION 2: Paragraphs 4-6 shall apply~~ Where ~~an EU Inc. company registered in one Member State ('Member State A') has a branch, or multiple branches, in another Member State ('Member State B'), and that branch has employees habitually carrying out work in Member State B ('the Member State B employees').~~**:**

(a) An EU Inc. company is registered in one Member State ('Member State A') and has one or more branches in another Member State ('Member State B');

(b) Member State B has employee participation rules and has chosen to apply this mechanism; and

(c) The average number of employees of those branches during the financial year exceeds Member State B's applicable employee participation threshold,

the EU Inc. company shall take action in accordance with paragraph 2c.

~~2b~~**2c**. ~~Member States may choose whether to apply paragraph 5. Member States that choose to apply it~~**By the end of the following financial year, the EU Inc. company** shall ~~communicate the applicable employee participation threshold to the Commission, which shall publish them.~~**:**

(a) form a subsidiary EU Inc. in Member State B which employs the employees of the former branch or branches, either:

(i) by undertaking a division by separation, in accordance with Chapter IV of Title II of Directive (EU) 2017/1132; or

(ii) in any other way; or

(b) amend its articles of association to grant at least the employees of the branch or branches the rights required by Member State B's employee participation law, insofar as compatible with this Regulation and with Member State A's law.

Where the EU Inc. company chooses the option in point (a)(ii), Article 160l(7) of Directive 2017/1132 shall apply to the subsidiary. Where the EU Inc. company chooses the option in point (b), it shall ensure respect for those rights so long as it exceeds the employee participation threshold in Member State B.

~~2c~~**2d**. ~~The average number of~~ Member ~~State B~~**States that choose to apply paragraphs 2b and 2c shall ensure that** employees ~~during the financial year may not exceed the applicable employee participation threshold, if any, under Member State B's law for two consecutive financial years. Where the average number of Member State B employees during the financial year exceeds the applicable employee participation threshold, if any, under Member State B's law, the EU Inc. company~~**and their representatives are able to institute proceedings to enforce the obligation laid down in paragraphs 2a and 2b, and that their courts and authorities have jurisdiction to enforce that obligation. Such proceedings** shall ~~take appropriate action to ensure respect for the first subparagraph. In particular, it may undertake a division by separation, in accordance with Chapter IV of Title II of Directive (EU) 2017/1132, with the aim of creating a subsidiary~~**be brought** in Member State B ~~employing the Member State B employees~~.

PUBLIC

~~2d. Possible wording simplifying the procedure under Chapter IV of Title II of CLD, notably regarding once-only registration, where an EU Inc. carries out a division by separation to comply with paragraph 4.]]~~

CHAPTER II

EU CENTRAL INTERFACE, FORMATION AND FILING

Article 13

Company application and application form

-1. The prospective members of the board of directors ('prospective directors') may apply, on behalf of the founding shareholders, to form an EU Inc. *ex nihilo*:

(a) Via the EU central interface in accordance with Article 16 (fast-track) or Article 17 (standard); or

(b) Directly in the national business register, either fast-track or standard, in accordance with Article 18.

-1a. The application shall consist of:

(a) The harmonised application form referred to in paragraph (1);

(b) The articles of association, which may use the EU templates referred to in Article 8.

The prospective directors shall be identified through electronic identification means with assurance level high in accordance with Regulation (EU) No 910/2014, shall fill in the company application form, and shall sign that form by means of qualified trust services referred to in Regulation (EU) No 910/2014.

The founding shareholders shall sign the articles of association by means of qualified trust services in accordance with Regulation (EU) No 910/2014.

1. A harmonised application form shall be used for all applications to form an EU Inc. company. That application form shall:

(a) be fully digital, machine readable and shall collect information as structured data;

(b) ~~include~~**collect** the information necessary for the purposes of:

(i) company formation in the national business register; and

(ii) issuing the tax identification number (TIN)~~ and, where relevant, the VAT identification number~~;

(iii) registering beneficial ownership information in the beneficial ownership register;

(c) 'include an option for the EU Inc. company to request a VAT identification number and, if so, collect information relevant for the purpose of issuing that number;'

(d) provide for the prospective directors to declare that the EU Inc. has the right to use the registered office;

(e) provide for the prospective directors to make the declarations referred to in Article 22(2);

(f) provide for the prospective directors to declare the prospective location of the central administration and the principal place of business of the EU Inc. company, where either or both differ from the Member State of registration.

2. The Commission shall, by means of implementing acts, establish the harmonised company application form referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 107(2a).

PUBLIC

Article 14

Procedure and preventive controls and checks

1. Upon receiving an application referred to in Article 13(-1), the national business register shall **acknowledge receipt and, save where it acts as the sole competent authority,** immediately forward the application to the competent authorities. ~~Those~~**The competent** authorities shall carry out the **harmonised** preventive controls and checks.

2. Those **harmonised** controls and checks shall verify that:

   (a) the formal and substantive requirements for the articles of association are fulfilled, including that:

      (i) the mandatory minimum content specified in the Annex is included;

      (ii) the name and the object of the EU Inc. comply with the requirements of this Regulation;

      (iii) where the EU templates referred to in Article 8 are used, that they are used correctly;

   (b) the following points are verified as regards the prospective directors:

      (i) the identity of the prospective directors in accordance with Article 13(-1a); where the conditions of Article 10(3) are fulfilled, further measures as referred to in that latter provision may be taken;

      (ii) the prospective directors comply with the requirements of Article 22(-1) and have authority to represent the EU Inc. company;

      (iii) none of the prospective directors is disqualified in accordance with Article 22;

      (iv) at least one of the directors is resident in the EU.

PUBLIC

(c) any considerations that are to be contributed to capital have been provided in accordance with Article 64 (4), and, where applicable, that the additional requirements for considerations in kind have been met in accordance with Article 65; ~~and~~

~~(ca) the prospective EU Inc. company has the right to use the registered office;~~

(d) the information contained in the application form referred to in Article 13(1), point b (i) is accurate~~.~~**;**

(e) **the declarations required by Article 13(1), points (d) and (e), have been provided.**

2a. The competent authorities shall ~~have sole responsibility for accepting or rejecting~~**accept or reject** the application~~,~~ based solely on the criteria laid down in paragraph 2**, without prejudice to paragraph 2b**. Within the timeline and cost ceiling applicable pursuant to Articles 16-18, the ~~national~~ competent authorities shall:

(a) accept the application and inform **the prospective directors and** the business register, which shall register the EU Inc.;

(b) reject the application and inform the prospective directors and the business register of the reason for the rejection; or

(c) exceptionally, where the preventive controls and checks reveal a specific issue requiring further assessment, inform the prospective directors and the business register of the reason why further assessment is necessary and the expected duration, which shall not exceed ~~15~~**10 working** days. It shall either accept or reject the application within that deadline.

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2b. **Where Union or national law concerning money laundering, terrorist financing or other criminal activities provides for grounds to refuse the registration of a company, the application may be paused or rejected in accordance with that law. The procedure laid down in paragraph 2a, including its timelines and the requirement that any pause be exceptional and based on a specific issue, shall remain applicable. However, the extent of the obligation to inform the prospective directors of the reasons for any rejection (under point (b)) or of the fact of or reasons for any further assessment (under point (c)) shall be determined by the applicable Union or national law.**

2c. Member States shall lay down rules deciding which competent authorities shall conduct the controls and checks referred to in ~~this Article~~**paragraph 2**. Those competent authorities may be administrative, judicial, notarial, or any combination thereof**. Appeals against those competent authorities' decisions shall be governed by national law**. The business register may act as the sole competent authority, in which case it shall not be required to ~~forward the application under paragraph 1 or~~ inform the business register under paragraph 2a.

Article 15

EU central interface

1. The Commission shall establish the EU central interface as part of the European electronic access point to BRIS as referred to in Article 22 of Directive (EU) 2017/1132.

2. The Commission shall make available electronically in all Union languages the EU templates referred to in Article 8, the application form referred to in Article 13 and relevant detailed guidance for the registration of and filing by an EU Inc. on the EU central interface.

3. Where an EU Inc. is formed through the EU central interface in accordance with Articles 16 and 17, the Commission shall ensure that the interface, through BRIS, transmits to the business register of the Member State of registration the application form and the articles of association. That business register shall share such data with national preventive control authorities.

~~5. The EU central interface shall enable real-time tracking of the major steps of the registration status of a company.~~

6. The EU central interface shall ~~provide~~**include basic** information about ~~the registration of~~**how EU Inc. companies can protect** intellectual property rights ~~in trade marks in accordance with Article 15a~~**, such as trademarks and designs**.

7. EU Inc. companies shall be able to file documents and information in accordance with Article 25(1) and Article 27(1) through the EU central interface.

7a. The Commission may further develop the technical functionalities of the central interface referred to in paragraph 1 in order to provide further digital information resources about the EU Inc. framework and companies, including aggregated statistics on the number of EU Inc. companies and their sectoral and geographical distribution.

PUBLIC

Article 15a

~~Trademark~~Trade mark information

1. ~~The Commission shall ensure that where~~**When applying to create** an EU Inc. ~~is formed in accordance with Articles 16 and 17, the EU central interface provides~~**company, applicants shall be given publicly-available basic** information ~~on~~**about** Union **or national** trade ~~mark~~**marks**, as referred to in Regulation (EU) 2017/1001[25]~~, or national trade mark of a Member State, as referred to in~~ **and** Directive (EU) 2015/2436[26] **respectively**, that are **identified by automated searches as** identical or similar to the proposed company name. ~~Where an EU Inc. is formed in accordance with Articles 18 with the business register, the Commission shall provide through BRIS this trademark information to the relevant register.~~ To that end~~, BRIS shall be interconnected, free of charge, with the trade mark IT tools developed by the European Union Intellectual Property Office (EUIPO) in accordance with Article 152(1) point (b) of Regulation (EU) 2017/1001, which mandates the creation of common or connected databases and portals for Union-wide consultation, search, and classification purposes. Such interconnection shall also allow EUIPO to inform applicants for a trade mark in the Union where the sign applied for is identical or similar to the name of an EU Inc. registered prior to the date of the trade mark application. Such information shall be provided for indicative purposes and shall not prejudice the examination or registration of the trade mark.~~ **:**

   (a) For the purposes of Articles 16 and 17, the EU central interface shall provide applicants with such information on such trade marks; and

   (b) For the purposes of Article 18, BRIS shall provide such information on such trade marks, to the national business registers, which shall provide that information to applicants.

~~25~~ ~~Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) (OJ L 154, 16.6.2017, pp. 1–99), ELI: http://data.europa.eu/eli/reg/2017/1001/2025-12-01~~

~~26~~ ~~Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast) (OJ L 336, 23.12.2015, pp. 1–26), ELI: http://data.europa.eu/eli/dir/2015/2436/2015-12-23~~

2. To enable the provision referred to in paragraphs 1-2, BRIS shall be interconnected, free of charge, with the trade mark IT tools developed by the European Union Intellectual Property Office (EUIPO) in accordance with Article 152(1) point (b) of Regulation (EU) 2017/1001. That interconnection shall also enable, but not require, EUIPO to inform applicants for a trade mark in the Union where a sign applied for is identical or similar to the name of an EU Inc. company registered prior to the date of the trade mark application.

3. The information referred to in paragraphs 1-2 shall be provided solely for indicative purposes, and shall not prejudice the examination or registration of the EU Inc. company's name or of the trade mark, as appropriate.

Article 16

Fast-track formation through the EU central interface

1. In order to apply to form an EU Inc. through the EU central interface using the fast-track procedure, the prospective directors shall submit the application form referred to in Article 13 together with the standard articles of association.

1a. Fast-track formation may not be used where:

(a) the articles of association are non-standard (do not use the EU templates);

(b) any prospective director is aware of any circumstance which could lead to a disqualification in the Member State of registration (Article 22(2), point (b));

(c) any consideration is to be contributed to the capital in accordance with Article 64(4); and/or

(d) considerations in kind are to be contributed in accordance with Article 65.

In those cases, prospective directors shall use the standard procedure referred to in Article 17 or 18(2)(b).

2. Within 48 hours from the submission of the documents referred to in paragraph 1 through the EU central interface **and receipt of the payment referred to in paragraph 2a**, excluding weekends and public holidays, the competent business register and competent national authority shall carry out preventive controls and checks and take a decision in accordance with Article 14(2a).

2a. The maximum cost of preventive controls and checks and of registration in accordance with this Article shall be EUR 100 or equivalent sum in the currency applicable in the Member State of registration.

In case of those Member States which have not adopted the euro, the amount in national currency equivalent to the amount set out in subparagraph 1 shall be that obtained by applying the exchange rate published in the Official Journal of the European Union as at the date of the entry into force of this Regulation or of the latest delegated act, as referred to in paragraph 3, amending that amount.

For the purposes of conversion into the national currencies of those Member States which have not adopted the euro, the amount in euro specified in subparagraph 1 may be increased or decreased by not more than 5 % in order to produce round sum amounts in the national currencies.

3. The Commission shall review the cost in paragraph 2a every five years from [PO: the date of application of this Regulation] based on the harmonised index of consumer prices established pursuant to Regulation (EU) 2016/792. The Commission shall be empowered to adopt delegated acts in accordance with Article 108a to amend that maximum cost on the basis of each review.

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Article 17

Standard formation through the EU central interface

-1. Where the fast-track procedure cannot be used, prospective directors may apply to form an EU Inc. through the EU central interface using the standard procedure.

1. The prospective directors shall submit the application form referred to in Article 13 accompanied by the articles of association.

2. Within 5 working days from submission of the application form and the articles of association **and receipt of the payment referred to in paragraph 2a**, the business register and competent ~~national authority~~**authorities** shall carry out preventive controls and checks and take a decision in accordance with Article 14(2a).

2a. Member States shall lay down rules regarding the maximum cost of the standard procedure, which shall not exceed the recovery of the cost of providing such services.

Article 18

Fully online formation with the business register

1. In order to apply to form an EU Inc. through the national business register, the prospective directors shall submit the application form referred to in Article 13 and the articles of association.

2. The formation shall be fully online. The preventive controls and checks shall be carried out in accordance with Article 14. The application may be made:

(a) via a fast-track procedure, where the EU templates referred to in Article 8 are used and none of the conditions laid out in Article 16(1a), points (b) to (d) applies; or

(b) via a standard procedure in other cases.

2a. Article 16(2) and (2a) shall apply to applications made via the fast-track procedure. Article 17(2) and (2a) shall apply to applications made via the standard procedure.

Article 19

Formation of EU Inc. subsidiaries

1. A company listed in Annex II or IIB to Directive (EU) 2017/1132 or an existing EU Inc. may form an EU Inc. as a subsidiary either through the EU central interface or fully online with the business register in accordance with Articles 16, 17 and 18.

2. Where a company listed in Annex II or IIB to Directive (EU) 2017/1132 or an existing EU Inc. forms an EU Inc. subsidiary, they shall not be requested to provide any documents or information that are available in BRIS.

3. In case of registering a subsidiary in another Member State, the business register registering the subsidiary shall automatically retrieve from BRIS and on the basis of the EUID the information and documents about the company forming the subsidiary.

4. In case of registering of a subsidiary in the same Member State, the documents or information about the company forming the subsidiary shall also be available in the business register of that company.

Article 20

Once-only submission for authorities

1. Once it has registered an EU Inc. company, the business register shall immediately share, in digital form, the following information about that EU Inc. company with the ~~national beneficial ownership register and with the public~~**following** authorities ~~responsible for issuing the TIN number and, where relevant, the VAT identification number~~**of the Member State of registration**:

   (a) essential company information about that EU Inc., such as the name, registered office and EUID~~; and~~ **shall be shared with the public authorities in charge of issuing the TIN and the VAT identification number, with the beneficial ownership register, and with the social security authorities;**

(b) the information necessary for the purposes of issuing the tax identification number (TIN) and, where **requested by the EU Inc., the information** relevant~~,~~ **for the purposes of issuing** the VAT identification number, as referred to in Article 13(1), point ~~(b)(ii).~~**(c), shall be shared with the public authorities in charge of issuing those numbers; and**

(c) ~~That business register shall also share, in digital form, the essential company~~**the information necessary for the purpose of registering beneficial ownership** information ~~about the EU Inc.~~**in the beneficial ownership register**~~, such as the name, registered office and EUID, with the social security authorities.~~ **as referred to in Article 13(1), point(b)(iii), shall be shared with that register.**

2. The EU Inc. shall not be required to provide the information referred to in paragraph 1 to the authorities or to the beneficial ownership register referred to in paragraph 1. **The first subparagraph shall apply to information relevant for the purposes of issuing the VAT identification number only where the prospective founders requested a VAT identification number in accordance with Article 13.**

3. Upon receipt of the information referred to in paragraph 1, the public authorities responsible for issuing the TIN **shall issue it, in accordance with Union and national law**~~and~~, **to the EU Inc. digitally and without undue delay.** Where ~~relevant~~**requested by the EU Inc. company in its application**, **the authorities responsible for issuing** the VAT identification number shall issue ~~them~~**it, in accordance with Union and national law** to the EU Inc. digitally and without delay. The EU Inc. shall not be required to submit to those public authorities or to the beneficial ownership register any separate application; nor shall it be required to provide them with additional information unless it cannot be retrieved elsewhere and is ~~strictly~~ necessary for the purposes of issuing the VAT identification number.

4. The business register shall ~~transmit to~~**share with** the public authorities **and the beneficial ownership** referred to in paragraph 1, automatically and digitally, any changes to the information about the EU Inc. that had been shared under paragraph 1**, point (a)**.

Article 21

Formation through domestic and cross-border conversions, mergers or divisions

1. In addition to formation referred to in Articles 16 to 18, an EU Inc. may be formed by any of the following methods:

   (a) the domestic conversion of an existing company;

   (b) the domestic merger of existing companies;

   (c) the domestic division of an existing company;

   (d) the cross-border conversion, division or merger of limited liability company or companies.

2. Formation of an EU Inc. by a domestic conversion shall be governed by the national law applicable to the converting company.

3. Formation of an EU Inc. by a domestic merger or division of existing companies shall be governed by the national law applicable to each of the merging companies or to the dividing company.

4. A company or companies can only be involved in a domestic conversion, merger or division as referred to in paragraphs 2 and 3, provided that two years have elapsed since their registration or the first two sets of annual accounts have already been approved for any such company.

5. Formation of an EU Inc. through a cross-border conversion, division or merger shall be carried out in accordance with Chapters -I, II and IV of Title II of Directive (EU) 2017/1132.

6. An EU Inc. may change into a national limited liability company in the Member State where it is registered, in accordance with the methods set out in paragraph 1. In case of a domestic operation as referred to in that paragraph, no decision on such an operation can be taken before two years have elapsed since its registration or before the first two sets of its annual accounts have been approved.

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Article 22

Directors and members of the supervisory board, including their disqualification

-1. In order to become or remain a director of an EU Inc., a person shall be a natural person; have legal capacity; consent to being a director; and acknowledge their duties in writing. For the purpose of this Article, directors shall at least include the persons referred to in Article 25(1), point (f). Accordingly, it includes members of any supervisory board.

1. A person currently disqualified from acting as a director in any Member State shall not become, or continue to be, a director of any EU Inc.

2. Any person applying to become a director of an EU Inc. shall declare:

(a) that they consent to being a director (or member of a supervisory board, where applicable) and acknowledge their duties;

(b) any current disqualification to which they are subject in any Member State;

(c) the Member States where they have acted or are acting as directors; ~~and~~

(ca) their country of residence; and

(d) any circumstances of which they are aware which could lead to a disqualification in the Member State in which the EU Inc. is registered or to be registered.

2a. Where any EU Inc. director becomes disqualified from acting as a director in any Member State, he or she shall immediately inform the relevant business register and resign.

3. National competent authorities shall take appropriate steps to ensure that paragraph 1 of this Article is enforced**, and that any false declaration under paragraph 2 of this Article is punished, in accordance with national law**.

3a. Preventive controls and checks under Article 14 shall verify whether any of the prospective directors is disqualified in any Member State. That verification shall be based on the declaration referred to in paragraph 2 and checks of any national database of disqualified directors. Where appropriate, Member States shall request or provide information regarding prospective directors in accordance with Article 13i(3), (4), and (7) of Directive (EU) 2017/1132.

4. Where a prospective director is not disqualified in any Member State but identifies circumstances that could lead to their disqualification in the relevant Member State, the national competent authority shall assess those circumstances in accordance with national law.

Article 23

Signature of digital filing via EU central interface

1. Any documents and information filed via the EU central interface shall be signed by means of qualified trust services referred to in Regulation (EU) No 910/2014 or using the signing function of the European Business Wallet referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets COM(2025) 838], if applicable.

2. Filings referred to in paragraph 1 include:

(a) any forms for the filings by or on behalf of the company;

(b) any resolutions of the general meeting;

(c) any resolutions of other company bodies;

(d) any personal declarations by the persons concerned or on behalf of them.

Article 24

Electronic filing agent

1. Using the digital EU power of attorney referred to in Article 31, an EU Inc. may authorise a person (the "electronic filing agent") to sign documents and submit forms on its behalf through the EU central interface in accordance with this Regulation. However, it shall not be possible to use the digital EU power of attorney for the *ex nihilo* formation of EU Inc. companies in accordance with Articles 16-19.

2. The EU central interface shall verify automatically the digital EU power of attorney.

CHAPTER III
ACCESSIBILITY AND CROSS-BORDER USE OF EU INC. INFORMATION

Article 25

Documents and information to be made available in the business register

1. The Member State of registration shall ensure that the following documents and information filed by the EU Inc. in accordance with Article 27 are made publicly available in the business register:

   (a) the name and legal form of the EU Inc.;

   (b) the registered office of the EU Inc., composed of street name, street number, city, postal code and Member State where it is registered;

   (c) where available, details of the company website or equivalent principal electronic presence of the EU Inc.;

   (d) the object of the company;

   (e) the articles of association, and every consolidated version ~~included~~**made** after any amendment, in all language versions referred to in Article 7;

(f) the appointment, termination of office and particulars of the persons who either as a body constituted pursuant to law, including the board of directors, or as members of any such body:

i. are authorised to represent the EU Inc. in dealings with third parties and in legal proceedings; it shall be apparent from the disclosure whether the persons authorised to represent the EU Inc. may do so individually or are required to act jointly;

ii. take part in the administration, supervision or control of the company;

(g) any experts' report regarding in-kind consideration as referred to in Article 65(4), any decision to waive such a report as referred to in Article 65(5);

(ga) any decision on distributions, together with the signed statement of the board of directors certifying the completion of the balance sheet and solvency tests, as referred to in Article 72;

(gb) any decision on capital reduction, together with the signed statement of the board of directors certifying the completion of the balance sheet and solvency tests and with the independent expert report where applicable, as referred to in Article 77;

(h) the accounting documents for each financial year which are required to be published in accordance with Council Directives 86/635/EEC and 91/674/EEC and Directive 2013/34/EU of the European Parliament and of the Council, as made applicable pursuant to Article 105 of this Regulation;

(i) where an EU Inc. is or becomes a single-member company, the identity of the sole member;

(j) the winding up of the EU Inc.;

(k) the appointment of liquidators, their particulars and their respective powers, unless such powers are expressly and exclusively derived from law or from the articles of association;

(l) any termination of a liquidation;

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(la) insolvency proceedings, arrangements, compositions, or any analogous proceedings to which the EU Inc. is subject.

2. Member States shall ensure that the competent courts and other relevant public authorities responsible under national law make available to the business register of registration the following documents and information and that they are publicly accessible in that business register:

(a) any declaration of nullity of the EU Inc.;

(b) any other decision related to the EU Inc. with *erga omnes* effect which changes, or requires a change to, the documents or information under paragraph 1.

The first subparagraph is without prejudice to any obligation the relevant EU Inc. has to update their documents and information stored in the business register pursuant to Article 27(2).

3. The Member State of registration shall ensure that the following documents and information provided by the business register of registration are publicly accessible therein:

(a) the registration number of the EU Inc. and its EUID;

(b) the status of the EU Inc., such as when it is closed, struck off the register, in liquidation, wound up, dissolved or inactive;

(c) information on any branches opened by the EU Inc. in another Member State including the name, registration number, EUID and the Member State where the branch is registered, as resulting from the exchanges of information between business registers through BRIS.

4. Paragraphs 3 to 6 of Article 16, on reliability by third parties and machine readability, and paragraphs 3 and 4 of Article 16a, on true copies and the use of trust services, of Directive (EU) 2017/1132 shall apply.

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5. Member States shall ensure that digital copies and extracts of the documents and information provided by the register are compatible with the European Digital Identity Wallet as provided for in Regulation (EU) 910/2014 and, as of the date it enters into application, the Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets].

Article 26

Documents and information to be made available through BRIS

1. The following shall be made publicly available through BRIS

   (a) the documents and information referred to in Article 25;

   (b) the average number of ~~EU-based~~ employees~~, on a full-time equivalent basis,~~ of the EU Inc. during ~~each~~**the** financial year, ~~including those employed by its branches, broken down by Member State~~**where national law requires such information to be made available in the company's financial statements and from the moment such information is extractable as data**;

   (c) the information about groups under Article 19b of Directive (EU) 2017/1132 which shall apply mutatis mutandis to EU Inc. companies;

   At least the documents and information listed in Article 25(1), points (a) to (f) and (j), ~~and~~ Article 25(3), points (a) to (c)**, and paragraph 1, point (b), of this Article**, shall be publicly available free of charge on the business register and on BRIS. The price of obtaining a copy of the other documents and information listed in Article 25 shall not exceed the administrative costs thereof, including the costs of development and maintenance of business registers.

2. Article 19(3) of Directive (EU) 2017/1132 shall apply.

Article 27

Filing and up-to-date register documents and information

1. EU Inc. companies shall file all documents and information referred to in Article 25(1) and Article 40(2) point (a) either through the EU central interface or directly with the business register.

2. EU Inc. companies shall keep the documents and information referred to in paragraph 1 up-to-date. They shall file with the business register any changes to the documents and information within a period not exceeding 10 working days from the date those changes are made; this period shall not apply to changes to the accounting documents referred to in Article 25(1)(h).

3. Notwithstanding paragraph 2, an EU Inc. company shall file amendments to the articles of association within 5 **working** days after the amendment resolution has been made. Where filed amendments update the EU template referred to in Article 8, the relevant national business register shall automatically create a consolidated version of the articles of association**, using the feature referred to in Article 8(3). The EU Inc. company shall review this consolidated version and confirm its accuracy in writing; it shall bear sole responsibility for that accuracy**-. Where amendments to articles of association, without using the EU templates referred to in Article 8, are filed, the **EU Inc. company shall also create and file a** consolidated **version of the** articles of association ~~shall also be filed~~**and bear sole responsibility for its accuracy**. For amendments within the EU template structure, the deadlines and cost limit for the fast-track registration laid down in Article 16(2) and (2a) shall apply.

3a. Notwithstanding paragraph 2, an EU Inc. company shall file any changes to its central administration and/or principal place of business referred to in Article 13(1)(f) on **at least** an annual basis, starting with the anniversary of its formation. **No such filing is required where there has been no change.**

PUBLIC

3b. Where a business register receives updated documents or information pursuant to paragraphs 2 or 3, it shall ensure that any such update is**, where appropriate,** subject to ~~any applicable~~ preventive controls and ~~check, with~~**checks**. Article 14 ~~applying~~**shall apply** mutatis mutandis **to documents and information referred to therein**. **National law shall apply to other documents and information. In particular, the identity of any newly-appointed director shall be verified under national law.**

The business register shall enter and make those updated documents and information publicly available, in accordance with Article 16(3) of Directive (EU) 2017/1132, within 10 working days from the date of completion of all formalities required for the filing of those changes, including the receipt of all documents and information, which comply with paragraph 3b; exceptionally, that deadline may be extended by 5 working days.

4. The documents and information referred to in Article 25(2), including any changes to such documents and information shall be submitted by the competent court or the public authority directly to the business register within the deadlines laid down in Article 15 of Directive (EU) 2017/1132.

5. All filings of documents and information~~, including other than those referred to in paragraph 1,~~ with the business register shall be fully online and use electronic identification means with assurance level high in accordance with Regulation (EU) No 910/2014 or Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets].
National law may require supporting documents and information to be filed in the context of the filings referred to in paragraph 1, and may also require other documents and information to be filed in the business register without being made public. Such filings shall also comply with the first subparagraph.

PUBLIC

Article 27a

Enforcement of registration requirements

1. EU Inc. companies shall fulfil the requirements to continue to be registered throughout their lifecycle. **National** competent authorities shall verify, where doubts exist, whether this is the case in accordance with the procedures established by the Directive 2017/1132.

   These procedures shall:

   (a) include the possibility for an EU Inc. company to correct the relevant information within a reasonable period,

   (b) ensure that the status of an EU Inc. company, such as when it is closed, struck off the register, in liquidation, wound up, dissolved or inactive, is updated in the register accordingly; and

   (c) include a possibility that EU Inc. companies are struck off from the register, where justified, in line with national law.

2. **National** competent authorities may consult other relevant authorities or registers within the procedural framework laid down in national law in order to verify specific company information.

Article 28

Once-only principle for company data during the lifecycle of the EU Inc.

1. Where in the context of an administrative or judicial procedure, public authorities need to consult specific information about the EU Inc. which is publicly available through BRIS and in the business register, the EU Inc. shall not be requested to submit such information.

PUBLIC

2. Paragraph 1 is without prejudice to ~~the~~**any** obligation laid down in Union or national law to submit documents ~~to complete procedural requirements,~~**or information in the context of a procedure** where ~~this is necessary for public authorities to carry out their enforcement tasks or exceptionally and on a case-by-case basis, where public authorities have reasonable grounds to suspect abuse or fraud related to the EU Inc. company.~~**:**

(a) this is necessary for public authorities to carry out their supervision and enforcement tasks; or

(b) exceptionally, and on a case-by-case basis, public authorities have reasonable grounds to suspect abuse or fraud related to the EU Inc. company.

3. Member States may establish optional access point for public authorities to have access to BRIS in accordance with Article 22(5) of Directive (EU) 2017/1132.

Article 29

Duty to disclose the identity of companies and branches

1. The EU Inc.'s business related communication, whether digital or paper-based, shall contain the following information:

(a) company name;

(b) EUID;

(c) address of the EU Inc.'s registered office;

(d) digital correspondence address of the EU Inc.;

(e) address of a digital presence the EU Inc. has where relevant, for example a website;

(ea) the registration number and the name of the national register where the company is registered;

(eb) where an EU Inc. company is undergoing regular liquidation proceedings, an indication that it is in liquidation.

2. The EU Inc.'s digital presence shall indicate at least the information mentioned in the first paragraph.

3. Paragraphs 1 and 2 shall also apply to the business-related communication by a branch of an EU Inc. company registered in another Member State. In addition, that communication shall include the Member State in which the branch is registered as well as the EUID of that branch.

PUBLIC

Article 30

EU Company Certificate

1. The business register of registration shall issue a multilingual EU Company Certificate at the request of an EU. Inc. company. The EU Company Certificate shall be accepted in all Member States as sufficient evidence, at the time of its issuance, of the incorporation of the company and of the information contained therein.

2. Business registers shall issue the EU Company Certificate to the EU Inc. in accordance with paragraphs Article 16b (1), (2) and (4) to (7) of Directive (EU) 2017/1132.

3. EU Company Certificate shall be compatible with the European Digital Identity Wallets referred to in Regulation (EU) No 910/2014 and the European Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets], where available.

Article 31

Digital EU power of attorney

1. The EU Inc. shall be able to use the digital EU power of attorney to carry out procedures in another Member State in the scope of this Regulation, in particular the registration or closure of branches, and cross-border conversions, mergers and divisions. However, it shall not be possible to use the digital EU power of attorney for the ex nihilo formation of companies in accordance with Articles 16-19.

2. EU Inc. company may use a template for the digital EU power of attorney to authorise a person to represent the company in accordance with Article 16c(1) to (3) of Directive (EU)2017/1132.

3. The digital EU power of attorney shall be compatible for use with the European Digital Identity Wallets referred to in Regulation (EU) No 910/2014 and the European Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets] where available.

Article 32

Exemption from legalisation and any similar formality and related safeguards

1. Where digital copies and extracts of documents and information about an EU Inc., provided and certified as true copies by a business register, including certified translations, and authenticated by means of qualified trust services referred to in Regulation (EU) No 910/2014 or by means of the European Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets], where available, are to be presented in another Member State, they shall be exempted from legalisation and any similar formality in accordance with Article 16d (1) of Directive (EU) 2017/1132.

2. Where digital notarial acts, administrative documents, their certified copies and translations issued in a Member State related to an EU Inc. and authenticated by means of qualified trust services as referred to in Regulation (EU) No 910/2014 or by means of the European Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets], where available, are to be presented in another Member State, they shall be exempted from all forms of legalisation and any similar formality in accordance with Article 16d (3) of Directive (EU) 2017/1132.

3. Article 16d (3) of Directive (EU) 2017/1132 shall apply mutatis mutandis to the EU Company Certificate referred to in Article 30 and the digital EU power of attorney referred to in Article 31 and to the pre-conversion, pre-merger and pre-division certificates transmitted in accordance with Articles 86n, 127a and 160n of Directive (EU) 2017/1132.

PUBLIC

4. Article 16e of Directive (EU) 2017/1132 shall apply mutatis mutandis where authorities of other Member States than the Member State where digital copies and extracts or digital notarial acts were provided, have reasonable doubt as to origin or authenticity, including the identity of the seal or stamp, or have reason to consider that a document has been forged or tampered with.

Article 33

Exemption from translation

1. Translation of copies or extracts of documents related to EU Inc. provided by the business register shall not be required when the specific information needed about EU Inc. can be accessed and consulted:

   (a) in the articles of association of an EU Inc.; or

   (b) in the EU Company Certificate referred to in Article 30; or

   (c) through BRIS, where it is identifiable through the explanatory labels referred to in Article 18 of Directive (EU) 2017/1132.

2. Without prejudice to paragraph 1, where the articles of association and other documents related to EU Inc. provided by a business register, are to be presented in another Member State, a certified translation can be required by that Member State's authorities only when justified by the purpose for which the document is to be used, such as to meet a mandatory public disclosure requirement or to be presented in judicial proceedings, and it is strictly necessary.

3. Member States may choose whether to accept AI translations as certified translations for the purpose of paragraph 2. To that end:

   (a) Member States shall decide which AI translation agents, if any, are to be approved for use in the translation of documents to be used in their administrative and judicial procedures;

   (b) Member States shall communicate their decision regarding AI translations and, if that decision is positive, the list of approved AI translation agents to the Commission which shall publish it on the EU central interface. Those translation agents may be

integrated as a functionality in the EU Business Wallet. The Member States shall communicate any changes in this respect to the Commission without undue delay, whereupon the Commission shall update the list immediately; and

(c) Where the submission of a certified translation is justified in accordance with paragraph 2, that requirement shall be deemed fulfilled when the document is translated by an AI translation agent approved by the receiving Member State as referred to in point (b). However, national law may provide that any party to administrative or judicial proceedings may challenge, based on substantiated reasons, the accuracy of any such translation.

Article 35

Provisions related to BRIS

1. Documents and information referred to in Article 25 and 40 shall be available and searchable through BRIS in all the official languages of the Union in accordance with Article 18(3) of Directive (EU) 2017/1132.

2. The Commission and Member States shall ensure that the exchanges of information and availability of digital copies of documents and information through BRIS under Directive (EU) 2017/1132 apply to EU Inc. companies, unless this regulation provides specific rules. The Commission shall amend the Implementing Regulation 2021/1042 to extend its application to EU Inc companies.

3. The Commission shall, by means of an implementing act, by [PO: the last day of the 12th month after the date of entry into force of this Regulation], provide for the following:

   (a) establish the multilingual EU templates, including the technical specifications and detailed list of data, as referred to in Article 8;

   (b) establish the multilingual application forms as referred to in Article 13 and Article 38, the automatic verification referred to in Article 15a, including the technical specifications and the detailed list of data;

(c) the detailed list of data to be transmitted for the purpose of exchanging information between registers and the availability of documents and information through BRIS, as referred to in Articles 15(3), 19(3), 26, 38(4) and 40;

(d) the technical specifications on the compatibility between the EU Company Certificate and the EU power of attorney as referred to in Articles 30 and 31, with the Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets].

3a. The Commission may, by means of implementing acts, establish optional templates, guided forms and models for EU Inc. companies in addition to those referred to in paragraph 3, point (a). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 107.

CHAPTER IV
CROSS-BORDER BRANCHES AND MOBILITY

Section 1
Cross-border branches

Article 36

General principles

1. An EU Inc. that is registered in a Member State may open a branch in another Member State.

2. Each branch of an EU Inc. company shall be registered with the business register of the Member State in which that branch is to be opened.

Article 37

Branch registration

1. An EU Inc. shall apply to register a branch in another Member State by filing the harmonised application form referred to in Article 38 either:

   (a) through the EU central interface, or

   (b) fully online with the national business register of the other Member State.

   (c) Within 48 hours from the submission of the form excluding weekends and public holidays, the national business register and competent authorities shall carry out preventive controls and checks and accept, reject or extend the timeline in accordance with Article 14(2a) (*mutatis mutandis*). The cost ceiling laid down by Article 16(2a) shall apply.

2. For the purposes of registration of the branch, the preventive controls and checks shall verify:

   (a) that the name of the EU Inc. branch complies with the requirements of this Regulation;

   (b) the identity of the director or directors in accordance with Article 38(2);

   (c) that the information contained in the harmonised application form referred to in Article 38 is accurate.

3. The exchange of information about the registered branch between the business register of the branch and the business register of the EU Inc. shall be carried out in accordance with Article 28a (7) of Directive (EU) 2017/1132.

PUBLIC

Article 38

Branch application form

1. A harmonised application form shall be used for all applications to register a branch of an EU Inc. in another Member State. It shall be digital, machine readable and shall collect information as structured data.

2. The application form shall be electronically signed by the director or directors authorised to do so in accordance with Article 43(2) of the EU Inc. identified through electronic identification means with assurance level high in accordance with Regulation (EU) 910/2014 or Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets].

3. The application form shall include the information referred to in Article 40(2), point (a), as well as specific information needed for issuing the tax identification number (TIN) and, where relevant, the VAT identification number, for the branch.

~~(a)~~

~~(b)~~

3a. The business register registering the branch shall automatically retrieve from BRIS and on the basis of the EUID the information about the EU Inc. referred to in point Article 40(2), point (b).

4. The EU Inc. registering the branch shall not be required to provide any information and documents relevant for the branch registration procedure that are available in BRIS.

PUBLIC

Article 39

Once-only submission of branch and company data to authorities

1. ~~Following the registration of~~**Once it has registered** a branch of an EU Inc.~~, with the business register, that~~ **company, the** business register shall immediately ~~exchange~~**share,** in digital form**, the following** ~~the~~ information about ~~the~~**that** EU Inc.~~, and the~~ **company and its** branch~~, including the EUID allocated to the branch, as well as the specific data for the purposes of obtaining the tax identification number (TIN) and the VAT identification number received as part of the application form~~ with the ~~public~~**following** authorities ~~in charge of issuing the TIN and the VAT identification number in~~**of** the Member State of registration~~ of the branch. That business register shall also exchange in digital form the information about the EU Inc. and the branch with the social security authorities.~~**:**

   (a) essential company information about that EU Inc. branch, such as the name, registered office and EUID shall be shared with the public authorities in charge of issuing the TIN and the VAT identification number, with the beneficial ownership register, and with the social security authorities; and

   (b) the information necessary for the purposes of issuing the tax identification number (TIN) and, where requested by the EU Inc., the information relevant for the purposes of issuing the VAT identification number, point (c), shall be shared with the public authorities in charge of issuing those numbers.

2. The EU Inc. **company** and its branch shall not be required to provide ~~any~~**the** information referred to in paragraph 1~~,~~ to the~~ public~~ authorities referred to in paragraph 1.
   The first subparagraph shall apply to information relevant for the purposes of issuing the VAT identification number only where the EU Inc. company requested a VAT identification number in its application to register the branch.

3. **Upon receipt of the information referred to in paragraph 1, the public authorities responsible for issuing the TIN shall issue it, in accordance with Union and national law, to**~~The cross-border branch of~~ the EU Inc. ~~shall obtain the TIN and~~**branch digitally and without undue delay. Where requested by the EU Inc. in its application, the authorities responsible for issuing** the VAT identification number ~~from the authorities in charge of issuing them~~**shall issue it, in accordance with Union and national law, to the EU Inc.** digitally and without delay. Neither the EU Inc. **company** nor its branch shall be required to submit ~~a separate application~~ to those public authorities ~~or~~**any separate application; nor shall they be required** to provide them with additional information unless it cannot be retrieved elsewhere and is ~~strictly~~ necessary for the purposes of issuing **the** VAT identification number.

4. The business register shall transmit to the public authorities referred to in paragraph 1, automatically and digitally, any changes to the information about the EU Inc. or its branch that those public authorities have received in accordance with paragraph 1**, point (a)**.

Article 40

Availability of documents and information regarding branches

1. Information and documents about a branch registered by an EU Inc. which is governed by the law of another Member State shall be publicly available in the business register of the branch in accordance with Article 16 (3) to (6) of Directive (EU) 2017/1132 and through BRIS.

PUBLIC

2. The compulsory disclosure shall cover the following information only:

(a) about the branch:

i. the name of the branch;

ii. the address of the branch composed of the street name, street number, city, postal code and Member State where it is registered;

iii. the activities of the branch;

iv. the appointment and information about the persons who are authorised to represent the company in dealings with third parties and in legal proceedings as permanent representatives of the company for the activities of the branch, with an indication of the extent of their powers;

(iva) the closure of the branch;

PUBLIC

(b) about the EU Inc.:

i. the business register of the EU Inc.;

ii. the name of the EU Inc.;

iii. the legal form of the EU Inc.;

iv. the registered office of the EU Inc.;

v. the registration number of the EU Inc.;

vi. the EUID of the EU Inc.;

vii. the appointment and information about the persons who are authorised to represent the company in dealings with third parties and in legal proceedings as a company organ constituted pursuant to law or as members of any such organ, in accordance with the disclosure by the company as provided for in Article 25;

viii. the winding-up of the EU Inc., the appointment of liquidators, information concerning them and their powers and the termination of the liquidation in accordance with disclosure by the EU Inc. as provided for in Article 25;

ix. insolvency proceedings, arrangements, compositions, or any analogous proceedings in accordance with disclosure by the EU Inc. as provided for in Article 25;

3. The automatic exchange of information between the business register where the company is registered and the register of the branch under Article 30a of Directive (EU) 2017/1132 shall apply to the changes of information about the EU Inc.

4. The automatic exchanges of information between the business register where the company is registered and the register of the branch under Articles 20, 28c and 34 of Directive (EU) 2017/1132 shall apply mutatis mutandis to EU Inc. companies and their cross-border branches.

PUBLIC

SECTION 2

CROSS-BORDER MOBILITY

Article 41

Cross-border conversions, divisions and mergers

An EU Inc. shall carry out cross-border conversions, divisions and mergers in accordance with Chapters -I, II and IV of Title II of Directive (EU) 2017/1132. *[note to DQL: the reference to Chapter -I (i.e. arts 86a-86t) is deliberate here and throughout. Do not change to 'Chapters I…'.].*

In particular, an EU Inc. company that wishes to transfer its registered office to another Member State shall carry out a cross-border conversion in accordance with Article 86b(2) of Directive (EU) 2017/1132~~, an EU Inc. incorporated in one Member State that converts into an EU Inc. of another Member State does so by carrying out a cross-border conversion.~~**.**

CHAPTER V
ORGANISATION

Article 42

Company bodies

1. The articles of association shall lay down the rules concerning the organisation of the EU Inc. company and the conditions under which it is managed in accordance with this Regulation, including its Annex I.

2. The company shall have a board of directors, which shall be responsible for the management of the company. The board of directors shall consist of one or more natural persons (directors). At least one of the directors shall be resident in the Union.

3. The board of directors may exercise all the powers of the company that are not required, by the applicable rules in accordance with Articles 4 and 12, to be exercised by the general meeting or by another company body.

4. The general meeting shall have the power to appoint and dismiss directors at any time and to approve the annual accounts and to exercise other matters specified in this Regulation and in the articles of association. **However, where an EU Inc. company has a supervisory board, that board shall have the power to appoint and dismiss some or all directors where the articles of association so provide or where the applicable employee participation rules so require. The articles of association may empower** the general meeting ~~may~~**to** give instructions to the board of directors. Those instructions shall be binding on the board of directors, unless they are contrary to the applicable rules in accordance with Article 4.

4a. Decisions of the board of directors shall be taken by consensus unless otherwise provided in the articles of association.

Article 42a

Supervisory body

1. The articles of association may provide for the establishment of a supervisory board as an additional company body of the EU Inc. Where established, the existence and composition of the supervisory board shall be made publicly available in the business register in accordance with Article 25(1), point (f).

2. Where a supervisory board is established, it shall supervise the management of the EU Inc. by the board of directors. It shall not participate in the management or represent the company.

3. In exercising their functions, members of the supervisory board shall be subject to the duties and liability set out in Article 44(1) to (4). The nature of those duties shall be interpreted taking into account the supervisory nature of their tasks. Articles 45 and 46 shall also apply *mutatis mutandis* to the members of the supervisory board.

No person may at the same time be a member of the supervisory board and a member of the board of directors, or a person authorised to represent the EU Inc. company. Any appointment of such persons to the supervisory board shall be null and void.

4. The supervisory board shall act independently. It shall have the right to request information and examine documents and records at any time regarding all aspects of the company's business, in order to verify whether the company's activities are carried out in compliance with the applicable law and the articles of association.

5. The supervisory board shall review the financial statements, as well as any proposal for ~~the~~ distributions **or capital reductions**. It shall verify that the balance sheet test and solvency test referred to in ~~Article 72(3)~~**Articles 72(3) and 77(3)** have been conducted with due diligence.

5a. The articles of association may set out further specific powers and functions for the supervisory body and details on how it is to operate, insofar as consistent with this Regulation.

5b. This Article is without prejudice to Article 12.

Article 43

Representation of the company

1. The EU Inc. company shall be represented by its directors. If the EU Inc. company has several directors, they shall represent the company jointly.

2. The articles of association may provide, or the general meeting may decide, that, where the company has several directors, all or certain directors represent the company individually or jointly with other directors. Such representation may only be relied upon against third parties where it is made publicly available in accordance with Articles 25 and 26.

3. Any limitations on the powers of representation of the directors arising from the articles of association or from a decision by the general meeting or by another company body may not be relied upon against third parties.

3a. Declarations, documents, or notifications addressed to the EU Inc. company may be validly served upon any director. Service made to any director shall be deemed effective against the company, regardless of whether the articles of association or the general meeting provide for joint or individual representation in accordance with paragraphs 1 and 2.

4. **Acts done by the directors shall be binding upon** the EU Inc. company ~~shall be bound by the acts performed by its directors, even where~~**even if** those acts are ~~beyond the scope of its~~**not within the** object **of the company, unless such acts exceed the powers that the law confers or allows to be conferred on those directors**.

~~5.~~

Article 44

Directors' duties

1. Without prejudice to further obligations that may apply in specific situations, a director shall have the duty to always act:

   (a) in accordance with the company's articles of association;

   (b) in good faith and in the best interests of the company;

   (c) with reasonable care, skill and diligence.

2. A director shall be liable to the company for any act or omission in breach of a duty deriving from this Regulation, the articles of association or a resolution of the general meeting which causes loss or damage to the company.

PUBLIC

3. A director shall not be liable to the company:

(a) for any damage or loss incurred by the company resulting from a business decision provided that he or she acted in good faith, exercised the care ~~to be expected of a professional~~**that a reasonably diligent and prudent director would exercise**, and had the reasonable belief that he or she was acting in the best interests of the company;

(b) for any damage or loss incurred by the company resulting from an action taken strictly in accordance with a lawful resolution of the general meeting.

A director who seeks to rely on points (a) or (b) shall bear the burden of proof. In assessing the business decision referred to in point (a), the court shall assess matters as they stood at the time of the decision.

3a. Where two or more directors participated in the same breach of duty, they shall be jointly and severally liable to the company.

A director who has compensated the company beyond his or her share of responsibility shall have a right of recourse against the other liable directors in proportion to their respective contribution to the breach.

3b. A director shall not be liable for a decision adopted by the ~~management body~~**board of directors** where that director:

(a) voted against the decision and ~~ensured that the dissent was recorded~~**formally objected to it in writing** without undue delay; or

(b) was absent for justified reasons and, upon becoming aware of the decision, formally objected **to it in writing** without undue delay.

3c. For the purpose of this Article, a person who occupies the position of director of a company but who has not been formally appointed as such director (de facto director) or a person in accordance with whose directions or instructions the directors are accustomed to act (shadow director) shall be subject to the same duties and liability as a director.

PUBLIC

4. The liability of directors**, if any, towards the company, the shareholders and third parties** shall be further governed by the applicable national law.

Article 45

Directors~~'~~' conflicts of interest

1. A director shall inform the board of directors of any matter that may involve a conflict of interest between the director's own interest and the company's interest.

1a. Where all directors are implicated by a matter as referred to in the first subparagraph, they shall instead inform the general meeting or, if so provided by the articles of association, the supervisory board.

2. A director shall refrain from taking part in a decision ~~relative~~**relating** to a matter in which he or she has a conflict of interest, unless the general meeting has authorised the director to take part in such decision. The articles of association may ~~also so authorise the director or provide that the~~**establish further rules or information requirements in this respect and may empower any** supervisory board ~~may so authorise it~~**to grant such authorisations**. ~~Where the director is so authorised, the~~ **Any such authorisation by the general meeting or supervisory** board ~~of directors must adequately~~**shall** state the reasons ~~for such a decision, including the interest~~**as to why the participation of the director concerned does not compromise the interests** of the company.

Article 46

Related party transactions

-1. When the EU Inc. company– is negotiating a transaction with a director~~, a related party to a director,~~ or a shareholder of the company**, a person acting in his or her own name but on behalf of a director or shareholder, or a close member of the family of a director**, the director or shareholder concerned shall disclose the draft to the board of directors before signing. This requirement shall not apply to transactions entered into in the ordinary course of business and concluded on normal market terms.

PUBLIC

1. The articles of association may further provide for, *inter alia*, the following:

(a) requirements that certain or all transactions between the EU Inc. company and all or certain directors, shareholders or related parties are approved by or brought to the attention of the board of directors, the general meeting or of the directors or shareholders not involved in those transactions;

(b) specification of related party transactions that, due to their purpose, price or any other feature of the transaction, are deemed to conflict with the EU Inc. company's best interests and shall not be concluded.

2. When a transaction is concluded with a director or a shareholder in breach of paragraph -1 or of the relevant provisions of the articles of association adopted pursuant to paragraph 1, that director or shareholder concerned shall be liable for any damage caused to the EU Inc. company as a result of that transaction.

3. In case an EU Inc. company is a single-member company, contracts between the single shareholder and the company as represented by that single shareholder shall be drawn up in writing, except for contracts entered into in the ordinary course of business and concluded on normal market terms.

3a. The board of directors shall make an annual statement listing all related party transactions entered into or continued during the financial year, and submit it to the shareholders.

Article 47

Meetings and voting by electronic means

1. The general meeting, meetings of the board of directors and meetings of other company bodies may be held fully online or in hybrid form. Member States shall not impose any requirements or conditions restricting the ability to hold meetings and vote by electronic means.

2. The board of directors shall determine the electronic communication means to be used.

3. In case of online and hybrid general meetings, the EU Inc. company shall ensure that shareholders are able to:

(a) attend and participate in the meeting in real-time;

(b) exercise their voting rights;

(c) be identified by electronic means considered valid by the board of directors to ensure the authenticity of the participation.

PUBLIC

Article 47a

Convocation of general meetings

1. The general meeting shall be convened by the board of directors once a year for the approval of the annual accounts. The board of directors may also convene the general meeting at any other time, including in response to a request by shareholders in accordance with paragraph ~~5a~~**5**.

2. The convocation of the meeting shall be issued to all shareholders no later than on the 14th day before the day of the meeting. The articles of association may provide for a longer period to convene the meeting.

3. The convocation shall be issued by electronic means. The articles of association may provide for the convocation to be issued in a different manner.

4. The convocation shall specify at least the date, time, the platform for on-line participation (if any) and venue (if any), as well as the proposed agenda of the general meeting, any proposed resolutions and ~~a summary of~~**sufficient information regarding** each item on the proposed agenda.

5. Shareholders holding at least one-tenth (1/10) of the number of **shares or of the total voting rights attached to the company's** shares may at any time request the convocation of a general meeting. The articles of association may grant the right to request the convocation of a general meeting to individual shareholders or to shareholders holding less than one-tenth of the number of shares.

Where the board of directors does not convene a meeting within one month of receiving a request pursuant to the first subparagraph, shareholders holding at least half (1/2) of the total voting rights attached to the **company's** shares may, by way of derogation from paragraph 1, convene the general meeting.

6. Provided that all shareholders consent thereto, a general meeting may be held without complying with the requirements laid down in paragraphs 1 to 4.

Article 47b

Participation rights, record date and agenda

1. Shareholders who are registered in the digital register of shares at the beginning of the general meeting shall be entitled to participate in it. However, the articles of association may provide that only shareholders registered by a certain number of days preceding the general meeting (record date) are entitled to participate in the general meeting. In that case, the record date shall be included in the meeting convocation.

2. Shareholders may exercise their rights either in person or by appointing a proxy who, unless otherwise provided for in the articles of association, does not need be a shareholder. The proxy must present a power of attorney certifying that they are authorised to represent the shareholder. The authorisation applies to one meeting, unless the power of attorney states otherwise.

PUBLIC

3. The agenda shall be determined by the board of directors. Shareholders holding at least 5% of the shares in the company may request the inclusion of specific items on the agenda and may table draft resolutions for items included or to be included on the agenda of a general meeting. In order to be included in the agenda, such requests must be received by the board of directors at least ~~5 working~~**seven** days before the general meeting. The articles of association may provide for a lower shareholder threshold or a shorter period than those laid down in this paragraph **and in paragraph 3a**.

3a. The board of directors shall ensure that an updated agenda, incorporating any items or draft resolutions as referred to paragraph 3, is sent to all shareholders at the latest five days before the general meeting.

3b. The articles of association may lay down further rules on participation in the general meeting, on the agenda of the general meeting and on proposing resolution, insofar as consistent with this Regulation.

Article 47c

Conduct of the general meeting

1. The conduct of the general meeting shall be governed by the following provisions:

(a) The general meeting shall elect its own chair.

(b) Every shareholder shall have the right to ask questions related to items on the agenda of the general meeting. The company shall answer such questions, provided that the disclosure of the requested information is not contrary to law and is not deemed by the board of directors to cause material damage to the company.

(c) The chair shall ensure that relevant questions are answered in accordance with point (b). The chair shall ensure that the meeting is conducted fairly and efficiently. He or she may manage discussions, order voting and announce results, limit the time allocated for interventions or presentations during the meeting and, if necessary to maintain order, expel a participant from the meeting.

PUBLIC

(d) The meeting shall be recorded in minutes, signed by the chair, including attendance, main discussions, and voting results. The minutes shall be made available to the shareholders not later than ~~a week~~**five days** after the meeting.

2. The articles of association may establish alternative procedural rules, provided that such rules ensure that shareholders' right to participate and vote can be effectively exercised and that attendance and voting results are adequately recorded.

Article 48

Written resolutions

1. Decisions of shareholders shall be adopted at the general meeting, unless all shareholders agree or the articles of association provide that decisions may be adopted without a meeting by means of written resolutions. **The articles of association may establish further rules on the manner for adopting such resolutions, insofar as consistent with this Regulation.**

2. A written resolution is passed when the required quorum and majority of shareholders holding eligible votes has signed it. The majority required shall be the same as that required for a decision adopted at a general meeting.

3. Written resolutions may be adopted by electronic means provided that:

(a) the text of the proposed resolution is sent or made available digitally to all shareholders allowing for reasonable time to respond;

(b) their consent is expressed in a durable and verifiable manner (including by simple digital exchange); and

(c) the identity of the persons expressing consent can be reliably established.

4. Written resolutions adopted in accordance with this Article shall have the same legal effect as decisions adopted at a general meeting.

5. In case an EU Inc. company is a single-member company, decisions adopted by the single shareholder exercising the powers of the general meeting shall be drawn up in writing.

Article 49

Quorum and majorities

1. The general meeting shall be duly constituted, and so have a quorum, where the shareholders holding more than half of the total voting rights attached to the shares of the EU Inc. company are present or represented at the meeting, unless the articles of association provide for a different quorum.

1a. If the general meeting convened has no quorum, a subsequent meeting may be convened in accordance with Article 47a with the same agenda. In addition to the information referred to under Article 47a(4), the convocation for the subsequent meeting shall indicate the date and the results of the previous meeting. At the subsequent meeting, the shareholders may validly deliberate and adopt resolutions regardless of the proportion of voting rights attached to the shares of the EU Inc. present or represented.

2. Shareholders' decisions shall be adopted by a simple majority of the votes cast, unless the articles of association provide for a higher majority.

3. Amendments to the articles of association shall be adopted by a qualified majority of at least two-thirds of the votes cast at the general meeting, unless the articles of association provide for a higher majority. In case an amendment increases the financial commitments or liability of a shareholder, such an amendment shall also require the express consent of that shareholder.

3a. By way of derogation from ~~paragraph 3,~~**paragraphs 2 and 3, additional or** special voting thresholds apply ~~or may apply~~**in certain cases** pursuant to Article ~~52a(2) and (4)~~**51**.

3b. In the specific cases laid down in Articles 67(9), 71(4), 75(6) and 77(4), the board of directors may amend the articles of association in accordance with a prior authorisation of the general meeting.

~~*Article 50*~~

~~1.~~

~~2.~~

Article 51

Protection of class rights

1. Where a decision of the general meeting would modify or alter the specific rights, preferences, or privileges attached to a class of shares, such decision shall not take effect without the approval of the holders of that class.

2. The following events shall, amongst others, be deemed to modify or alter the specific rights of a class of shares:

   (a) reducing the nominal value of the shares (if any) or the dividend rights of that class;

   (b) altering the order of priority for distribution of profits or liquidation proceeds;

   (c) creating a new class of shares having rights superior to the rights attached to an existing class.

3. Unless the articles of association provide for a higher majority, the approval referred to in paragraph 1 shall require the qualified majority of two-thirds of the votes cast within the impacted class of shares.

Article 52

Withdrawal of a shareholder

1. ~~In the event that~~**A shareholder of an EU Inc. company shall have the right to withdraw from the company, against payment of the fair value of his or her shares, if** the company's affairs **are being or have been conducted,** or the powers of its directors are being or have been ~~conducted~~**exercised,** in a manner that unjustly **and grossly** harms ~~or excludes a shareholder, the shareholder may seek relief from the competent court requiring the EU Inc. and the other shareholders to acquire~~**the interests of** that shareholder~~'s shares~~**. The articles of association may provide for further grounds for withdrawal of a shareholder**.

   A shareholder that wishes to withdraw from the company shall notify the board of directors of his or her request and its grounds.

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3. ~~Where the competent court finds in favour of the applicant, the EU Inc. company~~**Upon receipt of a notice of withdrawal, the board of directors** shall, ~~on the account of the other~~**without undue delay, inform all** shareholders **thereof and submit a proposal for a resolution of the general meeting on the redemption of**~~and in proportion to the number of shares they hold, purchase~~ the shares ~~held by the applicant at a~~**of the withdrawing shareholder. The proposal shall specify the redemption** price, **which shall be equal** ~~corresponding~~ to the fair value **of the shares of the withdrawing shareholder as** determined by the ~~court on the date of service of the application referred to in paragraph 1~~**board of directors**. ~~The court shall also specify the period within which the share price is to be paid to the outgoing shareholder, together with interests accrued from the date of service of the application.~~

4. The ~~EU Inc. and the other shareholders are jointly and severally liable for the payment~~**general meeting shall vote on the redemption of the shares of the withdrawing shareholder within 30 days** of the ~~share price referred to in paragraph 3~~**shareholder submitting his or her notice of withdrawal. The withdrawing shareholder shall not be entitled to participate in the vote**.

4a. ~~National law may provide for other remedies where a~~**If, within 30 days of the** shareholder ~~is unjustly harmed or excluded as referred to in paragraph 1~~**submitting his or her notice of withdrawal, the general meeting of the EU Inc. company has not voted to redeem the shares of the withdrawing shareholder, the withdrawing shareholder may, within 60 days of the expiry of that period, apply for the redemption of his or her shares with the competent court**.

Where the court holds that the grounds for withdrawal set out in paragraph 1 or the articles of association apply, the court may order the EU Inc. company to redeem the shares of the withdrawing shareholder.

4b. Where the general meeting votes in favour of redemption in accordance with paragraph 4 or where the competent court has ordered the redemption in accordance with paragraph 5, the company shall redeem the shares of the withdrawing shareholder in accordance with Article 76(4).

4c. **Where the board of directors refuses to redeem the shares of the withdrawing shareholder in accordance with Article 76(4), point (b)(ii), it shall redeem them at the earliest possible date on which redemption in accordance with Article 76(4) is possible. No distribution, acquisition of own shares or redemption of other shares may be carried out until the shares of the withdrawing shareholder have been redeemed.**

4d. **If the withdrawing shareholder disputes that the proposed redemption price equals the fair value of his or her shares, the redemption price shall be determined based on a valuation carried out by an independent expert appointed by agreement between the withdrawing shareholder and the EU Inc. company. Failing such agreement, the withdrawing shareholder may request the competent court or administrative authority to appoint an independent expert to carry out the valuation of his or her shares.**

The independent expert shall be allowed access to the company's documents and records and to require information from the board of directors for the purpose of the valuation. The remuneration of the expert shall be paid by the company.

4e. **This Article shall not apply where the shares of an EU Inc. company are admitted to trading on a multilateral trading facility or regulated market.**

~~*Article 52a*~~

~~**Expulsion of a shareholder**~~

1. ~~The articles of association of the EU Inc. may provide for the conditions and procedures under which a shareholder may be obliged to transfer their shares to the company and be excluded from it.~~

2. ~~Where the articles of association provide for the exclusion of a shareholder, such exclusion shall require a decision of the general meeting adopted with the majority referred to in Article 49(3), unless the articles of association provide for a higher majority requirement. The articles of association may specify that the shareholder subject to the exclusion procedure shall not be entitled to participate in the vote.~~

3. ~~In the event of exclusion, the price of the shares shall be determined by mutual agreement between the company and the excluded shareholder. Failing agreement within thirty (30) calendar days from the decision referred to under paragraph 2, the price of the shares shall be determined based on a valuation that shall be carried out by an independent expert appointed either by agreement between the parties or, failing such agreement, by the competent authority or court of the Member State of registration. Article 74(3) and (4) shall apply.~~

4. ~~The adoption or amendment of any provision in the articles of association introducing an exclusion clause shall require the unanimous consent of all shareholders of the EU Inc. *[Note to Delegations: the conditions and procedure for this article may be aligned with those under Article 52 (or vice versa) in the third compromise text.]*~~

CHAPTER VI
DIGITAL REGISTER, SHARES AND SHARE TRANSFERS

Article 53

Registered shares

1. The shares of the EU Inc. shall be dematerialised and recorded ~~into~~**in** a digital register of shares **in accordance with Article 54**. The registration of shares into the digital register of shares shall ~~have constitutive effect and~~ evidence the ownership of the shares. **It shall be binding vis-à-vis the company.**

2. The articles of association may provide that shares are issued, recorded and transferred using distributed ledger technology or other digital solutions.

3. The EU Inc. company shall not have bearer shares.

Article 54

Digital register of shares

1. Every EU Inc. shall, once registered, create and maintain an up-to-date digital register of shares. It shall ensure the integrity and security of the register, which shall contain at least the following information:

(a) the ~~identity, physical (~~**full name (or name in the case of a legal person), Tax Identification Number (TIN),** personal or professional~~)~~ address**,** and email address of all **of** the shareholders;

(b) the identifier assigned for each share;

(ba) the percentage of the total number of shares, the percentage of the total voting rights and, in the case of par value shares, the percentage of the total capital, held by each shareholder;

(c) if shares have a nominal value, their nominal value;

(d) the date of subscription of each share;

(e) if applicable, that the share is redeemable;

(f) the amount of each consideration in cash, if any, paid or to be paid, by the shareholder concerned;

(g) the value and nature of each consideration in kind, if any, provided or to be provided by the shareholder concerned;

(h) the date of acquisition of transferred shares;

(i) the sequence number assigned to each share transfer;

(j) where there are multiple classes of shares, the class of each share;

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(k) where a share is owned by more than one shareholder, ~~identity and~~**the full name (or name in the case of legal persons), personal or professional address, and email** address of a common representative;

(l) information about encumbrances, pledges, or restrictions on the shares and the name of their beneficiaries.

1a. The EU Inc. may entrust the creation and maintenance of the digital register of shares referred to in paragraph 1 to a third-party service provider. The EU Inc and its directors shall retain sole responsibility for fulfilment of the obligations laid down in this Chapter and shall remain liable for any breach thereof.

2. The digital register of shares shall be accessible to ~~any interested party, including public authorities and shareholders, where and to the extent that the party has a legitimate interest, in accordance with Regulation (EU) 2016/679. No fee may be charged for that access.~~**:**

(a) the shareholders, in order to exercise their corporate rights as laid down;

(b) public authorities where carrying out their tasks in accordance with Union or national law; and

(c) other interested parties who demonstrate a legitimate interest.

Any access to personal data pursuant to this paragraph shall be limited to what is strictly necessary and proportionate to the specific purpose of the access. In particular, shareholders and other interested parties shall not have access to the TIN or personal addresses referred to in points (a) and (k) of paragraph 1. No fee may be charged for access.

3. At the request of a shareholder and after each transfer of shares, the EU Inc. company shall deliver, without undue delay, a digital share certificate to the new shareholder. The digital share certificate shall evidence the entitlement of that person to the status of a shareholder.

4. The digital share certificate shall contain the following elements:

(a) an excerpt from the digital share register regarding all the information specified in paragraph 1 concerning the ownership of the shareholder requesting the certificate,

(b) the main legal information concerning the EU Inc., including at least its registered office, its EUID and the total number of its shares,

(c) a digital timestamp providing a certain date for the entry in the register,

(d) a statement regarding any recorded encumbrances, pledges, or restrictions on the shares.

Member States shall not impose any additional requirements concerning the minimum content or form of the digital share certificate.

5. The digital share certificate shall be dated using a qualified electronic time stamp, and sealed using a qualified electronic seal or signed using qualified electronic signature by the company or a member of the board of directors, or a person authorised by the board of directors, in accordance with Regulation (EU) No 910/2014 or Business Wallets referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets].

The digital share certificate may be compatible with the European Digital Identity Wallet.

5a. Any rectification of the data recorded in a digital register of shares in cases of manifest errors, technical errors, fraud, or where the company fails to record a validly executed transfer, shall be carried out in accordance with national law.

Article 55

Equality of shares and classes of shares

1. All shares in the EU Inc. company shall carry equal rights and obligations unless otherwise provided in accordance with paragraph 2. Shareholders in the same position shall be afforded equal treatment by the EU Inc. company.

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2. The articles of association may provide for multiple classes of shares with non-identical rights and obligations attached to them. Shares carrying the same rights and obligations shall constitute one class. **The articles of association may also establish whether sub-division or consolidation of shares is prohibited and any applicable requirements.**

3. The rights and obligations referred to under the first subparagraph may amongst other include preferences in the distribution of profits or liquidation proceeds, veto rights, multiple voting rights, the exclusion of voting rights, other specific governance rights for certain classes of shares, and obligations or rights related to the transfer of shares.

Article 56

Exercise of shareholder rights

1. Shareholder rights related to a share shall take effect upon entry of the information listed in Article 54(1) into the digital register of shares.

2. If several persons hold a share jointly, they shall appoint a common representative to exercise shareholder rights in the company. The co-holders of a share continue to be jointly and severally liable for the commitments attached to this share.

~~3. The EU Inc. company shall provide shareholders with sufficient information regarding the items on the agenda of the general meeting prior to that meeting.~~

~~3a.~~

4. Shareholders have further rights laid out throughout this Regulation, including in Articles 47a-48 regarding general meetings.

5. **Unless otherwise provided in** the articles of association ~~may provide that certain or~~**,** all shareholders shall be entitled to examine the financial books of the company ~~at their request~~**from the date on which the the general meeting called to approve the annual accounts is convened until the date of that meeting**.

6. Shareholders holding at least one-tenth (1/10) of the number of shares may at any time request the competent court or administrative authority to appoint an independent expert to carry out an investigation on suspicions of a material breach of law or of the articles of

association by the company. The request shall state the specific grounds for suspicion and the purpose of the investigation.

The articles of association may grant the right set out in subparagraph 1 to individual shareholders or to shareholders holding less than one-tenth of the number of shares.

7. The competent court or administrative authority shall determine the scope of the investigation referred to in paragraph 6. The expert shall be allowed access to the company's documents and records by the company and to require information from the board of directors for the purpose of the investigation. The expert shall submit a report on the result of the investigation which shall be made available to all shareholders. The report shall not include trade secrets or sensitive commercial information.

8. The remuneration of the independent expert referred to in paragraph 6 shall be paid by the company. The articles of association may provide that shareholders requesting an investigation shall reimburse the company for the remuneration where the report does not establish any material breach of law or of the articles of association.

Article 57

Voting rights

1. One share shall always carry one vote unless otherwise provided in the articles of association.

2. A shareholder may not vote differently on the same item in a general meeting agenda using different shares, unless otherwise provided in the articles of association.

3. A shareholder's shares shall not carry a vote on any resolution concerning the release of that shareholder from a liability or the enforcement by the company of a claim against that shareholder. They shall also carry no vote on any resolution concerning a transaction between the company and that shareholder, unless otherwise provided in the Articles of Association.

3a. The articles of association may further provide that a share does not carry a vote in certain matters dealt with by the general meeting or that a share carries no voting rights.

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4. In a matter where a share does not carry a vote as referred to in paragraph 3, that share shall not be taken into account when calculating the quorum and majority required for a decision of the general meeting.

Article 58

Transfer of shares

1. Shares in the EU Inc. shall be freely transferable unless otherwise provided by the articles of association.

2. The transferee and the transferor shall be jointly liable to the company for any consideration for shares that is still outstanding at the time of transfer.

2a. Any payment for shares shall be made through a payment services provider, a financial institution or a credit institution.
[DQL to add to definitions: 'payment services provider' is as defined in Article 4, point (11), of Directive (EU) 2015/2366, and financial and credit institutions are as defined in Article 2(1), points (5) and (6), of Regulation (EU) 2024/1624].

Article 59

Digital procedure for the transfer of shares

1. The transfer of shares and the registration of a transfer of shares in the digital register of shares shall be concluded fully online in accordance with this Article. Member States shall not impose any requirement or condition restricting the ability to conclude such transfers or registrations of transfers fully online.

3. The transfer of shares may be concluded either:

(a) through an agreement sealed using a qualified electronic seal or signed using qualified electronic signature within the meaning of Regulation (EU) No 910/2014, including through the European Business Wallets as referred to in [PO: Reference to Proposal for a Regulation of the European Parliament and of the Council on the establishment of European Business Wallets]; or

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(b) where a party is unable to provide a qualified electronic seal or a qualified electronic signature referred to in point (a), via an advanced electronic signature or advanced electronic seal within the meaning of Regulation (EU) No 910/2014, provided that it is accompanied by evidence of identity verified through a qualified trust service provider within the meaning of Regulation (EU) No 910/2014.

5. Member States shall not impose any additional formalities, including a requirement for a notarial deed, for the transfer to be legally valid or to be registered.

6. The transfer of shares shall only become effective **vis-à-vis the company** once it has been registered in the digital register of shares. That registration shall follow the following procedure:

(a) Both parties to the share transfer shall notify the share transfer to the EU Inc. company in writing through digital means and submit the parts of the signed agreement necessary to evidence their agreement to transfer the shares and to enable the review referred to in point (b), along with the information specified in Article 54(1);

(b) Upon receipt of a complete notification of a share transfer as referred to in point (a), the EU Inc. company shall review the documentation to verify the legal title of the transferor to transfer the share ~~and~~**,** compliance with the company's articles of association**, and that the payment was made in accordance with Article 58(2a)**;

(c) Within three working days of receiving the complete notification under point (a), the EU Inc. company shall either:

(i) register the transfer in its digital register of shares and issue a digital share certificate to the new shareholder, if the transferor had legal title and the transfer complied with the company's articles of association; or

(ii) inform the parties to the agreement of the grounds for refusing the registration, if the transfer lacked legal title or the transfer violated the company's articles of association.

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~~a~~**10a.** After each transfer of shares, the EU Inc. company shall, without delay, notify the tax authority of the Member State where its registered office is located of the identity and TIN of the parties and the information referred to in Article 54(1), point (b). This requirement is without prejudice to any obligation, under national law, incumbent on one or both parties to the transaction, to file tax declarations or submit supporting documentation regarding the transfer to the competent tax authority.

~~b~~**10b** National law ~~applies~~**shall apply** to any transfer of shares not involving a transaction, such as in cases of inheritance or civil or criminal forfeiture.

Article 60

Access to public markets for shares

1. Member States shall not prohibit an EU Inc. company from seeking admission to trading of its shares on a multilateral trading facility, provided that the company complies with the applicable requirements under Union and national laws.

2. An EU Inc. company may seek admission to trading of its shares on a regulated market where Member States provide for that possibility in their national legislation and subject to compliance with the applicable requirements under Union and national laws. **In the case of cross-border listing, both Member States must have provided for the possibility of EU Inc. companies to seek admission to trading.**

2a. Where the applicable requirements ~~under Union and national laws~~ referred to in paragraphs 1 and 2 conflict with a provision of this Regulation, those applicable requirements shall prevail. In particular, Articles 53-54, 56(1) and 58-59 shall not apply ~~where those~~**insofar as inconsistent with** applicable requirements ~~require~~**regarding the** use of a central securities depository ~~or~~**,** institutional intermediary **or distributed ledger technology-based market infrastructure recognised under Union law**. However, ~~those~~**the** applicable requirements **referred to in paragraphs 1 and 2** may not require the EU Inc. to change into another legal form.

CHAPTER VII
FINANCING

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Article 61

Non-par value of shares

1. Unless otherwise provided in the articles of association, the shares of the EU Inc. company shall have no nominal value and shall not represent a fraction of the company's capital (non-par value shares).

2. Where the articles of association provide for a nominal value of shares (par value shares), the nominal value shall represent the fractional value of the company's capital. All shares in the company shall have the same nominal value.

3. An EU Inc. company may not have both par value and non-par value shares.

Article 62

Amount of capital

1. The articles of association shall specify the capital of the company **and may specify rules on reserves**.

   The company is neither required to have a minimum amount of capital nor to build up capital or legal reserves over time. Accordingly, the amount of the capital may be 0 EUR.

2. The capital of the company shall be expressed in euro or, in Member States in which the official currency is not the euro, the official currency of the Member State of registration.

3. Where the company issues par value shares, the contribution to capital for each share shall be equal to its nominal value. The capital shall be fully subscribed.

Article 63

Maintenance of ~~equity, including capital~~assets

1. Where an EU Inc. company has a non-zero capital, the assets of the company required to maintain that capital shall not be distributed to the shareholders, unless the capital is reduced in accordance with Article 77.

2. Any ~~consideration or part of a consideration for shares that is not contributed to~~**assets in excess of the company's** capital shall not be subject to the restriction under paragraph 1 and shall be freely distributable in accordance with Article 72, unless ~~otherwise provided~~**further restrictions are laid down** in the articles of ~~associations or a decision to issue new shares~~**association**.

Article 64

Consideration for shares

1. Shareholders shall provide the agreed consideration for shares in accordance with the articles of association or the decision to issue new shares.

2. The consideration for shares may take the form of any transfer of economic value, including ~~cash~~**monetary** payments and ~~payments in kind~~**in-kind consideration** in accordance with the requirements laid down in Article 65. **Monetary payments shall be made through a payment services provider, a financial institution or a credit institution.**

3. Shares may be issued against consideration to be contributed to capital or consideration not to be contributed to capital, or a combination of both.

4. Any part of the consideration that is to be contributed to capital shall be fully provided upon issue of the shares.

5. For any part of the consideration that is not a contribution to capital, the articles of association or the decision to issue new shares may provide that the consideration has to be provided within a specified time period or upon request by the company. In any case, the consideration shall be provided in full at the latest three years from the date of the issuance of the shares.

5a. The articles of association may restrict or prohibit the EU Inc. company from providing financial assistance, in particular by advancing funds, making loans or providing security, with a view to the acquisition of its shares by a third party.

Article 65

Requirements for in-kind considerations

1. Considerations in kind may be contributed to capital, unless they take the form of an undertaking to perform work or supply services.

2. All in-kind considerations for shares shall have a determinable value. The value of in-kind considerations for the first shares shall be specified in the articles of association. Where new shares are issued against a consideration in kind, the value of the consideration shall be specified in the decision on the issuance of the shares.

3. A report by one or more independent experts appointed or approved by an administrative or judicial authority shall be drawn up before the issuance of shares against a consideration in kind.

4. The experts' report referred to in paragraph 3 shall contain at least a description of each of the assets comprising the consideration as well as of the methods of valuation used and shall state whether the values determined by the application of those methods correspond at least to the value specified in accordance with paragraph 2. The report shall be filed and made publicly available in the business register.

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5. The articles of association or a decision of the general meeting adopted with the same majority as required for amendments to the articles of association may waive the requirement for the experts' report referred to in paragraph 3 for in-kind considerations or parts thereof that are not to be contributed to capital. A decision to waive the experts' report shall be filed and made publicly available in the business register.

6. Where an in-kind consideration has been overvalued in relation to its fair value on the date on which the shares were subscribed, the shareholder who has provided such consideration shall compensate the company for the shortfall.

Article 66

Issuance of first shares

1. The subscriptions for the first shares shall be declared in the articles of association.

2. The first shares shall be registered in the digital register of shares at the time of its formation.

Article 67

Issuance of new shares

1. The general meeting shall decide on the issuance of new shares. The decision shall authorise the amendment of the articles of association in accordance with paragraph 9, and shall accordingly require the majority set out in Article 49(3).

2. By way of derogation from paragraph 1, the articles of association may authorise the board of directors to decide on the issuance of new shares up to a specified maximum number of shares. The authorisation shall also authorise the updating of the articles of association in accordance with paragraph 9. The authorisation may empower the board of directors to restrict or exclude pre-emption rights on new shares issued against cash consideration.

3. The decision on the issuance of new shares referred to in paragraphs 1 and 2 shall set out the number of shares to be issued, the consideration for a share, whether any part of the consideration is to be contributed to capital, and any time-limit on the issuance of the shares.

4. Subscriptions for new shares may be concluded fully online. Member States shall not impose any requirements or conditions restricting the ability to conclude subscriptions for new shares fully online, including requirements for subscribers of shares to apply for a tax identification number in person.

5. A subscription shall be deemed to be valid through an agreement between the company and the subscriber sealed using a qualified electronic seal or signed using qualified electronic signature within the meaning of Regulation (EU) No 910/2014.

6. Where the subscriber is unable to provide a qualified electronic seal or a qualified electronic signature referred to in paragraph 5, the agreement may be concluded via an advanced electronic signature or advanced electronic seal within the meaning of Regulation (EU) No 910/2014, provided it is accompanied by evidence of identity verified through a qualified trust service provider within the meaning of Regulation (EU) No 910/2014.

   Member States shall not impose any additional formalities, including a requirement for a notarial deed, for the subscription to be legally valid.

7. A subscription for new shares shall indicate the subscriber, the share issue decision on which the subscription is based, the shares that are being subscribed for, any consideration to be paid and if any part of the consideration is to be contributed to capital.

8. The board of directors shall register newly subscribed shares without undue delay once any consideration immediately due upon subscription has been fully paid and all terms of subscription have been met.

9. Once registration is complete, the board of directors shall update the number of shares and, where a contribution to capital is made, the amount of capital indicated in the articles of association in accordance with Article 27.

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Article 68

Instruments entitling to new shares

1. The general meeting shall decide on the issuance of convertible instruments, warrants **entitling to new shares** or other instruments entitling the holder to new shares. The decision shall authorise the amendment of the articles of association in accordance with Article 67(9), and shall accordingly require the qualified majority set out in Article 49(3).

2. By way of derogation from paragraph 1, the articles of association may authorise the board of directors to decide to issue convertible instruments, warrants **entitling to new shares** or other instruments entitling holders to new shares up to a specified number of new shares. The authorisation shall also authorise the updating of the articles of association in accordance with Article 67(9). The authorisation may empower the board of directors to restrict or exclude pre-emption rights on instruments entitling to new shares.

3. The decision on the issuance of instruments entitling holders to new shares shall set out the purpose of the issuance, the persons or group of persons to whom the instruments are offered, the number of instruments to be issued, any consideration to be paid for the instruments, and the terms for the exchange for or subscription for new shares.

4. Where a holder seeks to redeem a valid instrument as referred to in this Article, the board of directors shall decide to issue new shares for the purpose of satisfying that claim. The requirements for new shares laid down in Articles 64, 65 and 67(3) to (9) shall apply for the issuance of those shares. An exchange of claims for new shares by means of a convertible instrument shall be deemed a consideration in cash. Where the company's shares have a nominal value, any difference between the nominal share value and a lower issue price of a convertible instrument may be covered by funds that are determined by the board of directors to be available for distribution in accordance with Article 72.

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Article 69

Pre-emptive rights

1. Unless otherwise specified in the articles of association, new shares issued against a consideration in cash or instruments entitling to new shares as referred to in Article 68 shall be offered on a pre-emptive basis to the shareholders in proportion to their shareholding. Shareholders shall have no pre-emptive rights on new shares issued to satisfy claims arising from instruments entitling to new shares.

2. Shareholders may exercise their pre-emptive right within fourteen (14) days of the offer.

3. When deciding on an issuance of new shares or of instruments entitling to new shares as referred to in Article 68, the general meeting or the board of directors where it is authorised in accordance with Articles 67(2) or 68(2) may modify or exclude the pre-emptive rights for that issuance.

Article 70

Capital increase

1. The capital may be increased in the following ways:

   (a) by issuing new shares against consideration in the form of contributions to capital, as provided in Article 64; or

   (b) by converting reserves to capital (capital increase from reserves), as provided for in Article 71.

2. The capital shall be considered to have been increased once the increase has been made publicly available in the business register.

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Article 71

Capital increase from reserves

1. The general meeting shall decide on the carrying out of a capital increase from reserves.

2. By way of derogation from paragraph 1, the articles of association may authorise the board of directors to decide to carry out a capital increase from reserves. That authorisation shall also authorise the updating of the articles of association in accordance with paragraph 4.

3. Any decision to carry out a capital increase from reserves shall indicate the amount of the increase and the reserves to be converted to capital. Reserves earmarked for a specific purpose shall not be converted to capital unless that conversion to capital is compatible with their purpose.

4. The board of directors shall update the amount of capital and, where the shares of the company have a nominal value, the nominal value indicated in the articles of association in accordance with Article 27.

Article 72

Distributions

1. The general meeting shall decide on distributions.

2. The articles of association may authorise the board of directors to decide on distributions.

3. The decision on a distribution shall only take effect if the board of directors certifies in a statement signed by all directors that, based on the most recent financial statements and after thoroughly examining the company's current and future affairs, it has formed the reasonable opinion that following the distribution,

   (a) the total amount of assets as set out in the most recent balance sheet, which may not pre-date the previous financial year, would remain greater than the total amount of liabilities and capital (balance sheet test), and

   (b) the company will be able to pay its debts as they fall due in the normal course of business in the 12 months following the date of the distribution (solvency test).

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3a. The board of directors shall file the decision on distributions as referred to in paragraphs 1 and 2, and the statement referred to in paragraph 3, in accordance with Article 27.

4. Where the company carries out a distribution in violation of paragraphs 1, 2, 3 or 3a, or where the directors signing the statement referred to in paragraph 2 knew or, in view of the circumstances, should have known at the time of the statement that, following the distribution, the total amount of assets of the company would not remain greater than the total amount of liabilities and capital or that the company would no longer be able to pay its debts in the 12 months following the date of distribution, they shall be jointly and severally liable to the company for the full amount of that unlawful distribution and all other damages resulting therefrom.

5. Where a shareholder has received a distribution carried out in violation of paragraphs 1, 2, 3 or 3a, or where the shareholder knew or, in view of the circumstances, should have known at the time of the distribution that, following the distribution, the total amount of assets of the company would not remain greater than the total amount of liabilities and capital or that the company would no longer be able to pay its debts in the 12 months following the date of distribution, the shareholder shall be required to return the distribution to the company to the extent that commitments entered into with creditors so require.

Article 73

Subscription of own shares

1. The shares of a company shall not be subscribed for by the company itself, whether directly or indirectly (through a subsidiary or nominee acting under the company's instructions). Shares subscribed for in the company’s name in contravention of this paragraph are deemed to be subscribed for by the founders or, in case of an issuance of new shares, by all directors, who shall be jointly and severally liable for the consideration for the shares.

2. If the shares of a company have been subscribed for by a person acting in his or her own name, but on behalf of the company, the person shall be deemed to have subscribed for them for his or her own account.

PUBLIC

Article 74

Acquisition of own shares

1. The general meeting shall decide on the acquisition of the company's own shares for consideration or on the acceptance of own shares as security.

2. The articles of association may authorise the board of directors to decide on the acquisition of own shares for consideration or on the acceptance of own shares as security up to a specified maximum number of shares.

3. The company may not acquire its own shares or accept them as security before the consideration for them has been fully paid.

4. The company shall only acquire its own shares for consideration out of funds that are determined by the board of directors to be available for distribution in accordance with Article 72.

5. The company shall only accept its own shares as security if the amount of the claims to be secured or, where the value of the shares taken as security is lower than the amount of claims to be secured, that value does not exceed the amount of funds available for distribution.

Article 75

Treatment of own shares

1. The company may hold its own shares, transfer them in accordance with Articles 58 and 59 or cancel them.

2. The company shall not have any of the rights attached to own shares.

3. The general meeting may decide to cancel the company's own shares. The decision shall authorise the amendment of the articles of association in accordance with paragraph 6, and shall accordingly require the qualified majority set out in Article 49(3).

4. The articles of association may authorise the board of directors to decide to cancel the company's own shares.

PUBLIC

5. Where the company's shares have a nominal value, the amount of the company's capital shall be reduced accordingly by the nominal amount of the shares cancelled. Upon cancellation of own shares, the company shall transfer an amount in the aggregate nominal value of the cancelled shares to a reserve, which shall be treated as if it were part of the company's capital.

6. Upon cancellation of own shares, the board of directors shall update the number of shares and, where the company's shares have a nominal value, the amount of capital indicated in the articles of association in accordance with Article 27.

Article 76

Redeemable shares

1. The company may issue new shares that can be redeemed against the company (redeemable shares). The shares may be redeemable at the option of the company, of the shareholder, or of both, according to the decision on the issuance of the redeemable shares.

2. Redeemable shares shall be issued in accordance with Article 67. In addition to the elements referred to in Article 67(3) and (6), the decision on the issuance of redeemable shares and the subscription for such shares shall set out the conditions and manner of redemption and the redemption price or the basis for the determination of the redemption price. It shall also authorise the board of directors to cancel redeemed shares in accordance with paragraph (4).

3. Redeemable shares shall only be issued as long as the company has non-redeemable shares. Non-redeemable shares may not be converted into redeemable shares after their issuance.

4. Redeemable shares may be redeemed as follows:

   (a) the company or the shareholder, as applicable, may request to redeem a redeemable share once it has been fully paid up;

PUBLIC

(b) the board of directors shall determine whether sufficient funds are available for distribution in accordance with Article 72; and

(i) if so, the board of directors shall decide upon the redemption, cancel the redeemable share in accordance with Article 75(5) and (6), and pay the redemption price to the shareholder, paid only out of those funds; or

(ii) if not, shall refuse to redeem the redeemable share.

Article 77

Capital reduction

1. The general meeting shall decide on the carrying out of a capital reduction. The decision shall authorise the amendment of the articles of association in accordance with paragraph 4, and shall accordingly require the majority set out in Article 49(3).

2. The decision on capital reduction shall indicate the purpose, the way in which the reduction is to be carried out, and the amount of the reduction.

3. The decision on capital reduction shall only take effect if the board of directors certifies in a statement signed by all directors that, based on the most recent financial statements and after thoroughly examining the company's current and future affairs, it has formed the reasonable opinion that following the reduction,

(a) the total amount of assets as set out in the most recent balance sheet, which may not pre-date the previous financial year, would remain greater than the total amount of liabilities after the capital reduction (balance sheet test), and

(b) the company will be able to pay its debts as they fall due in the normal course of business in the 12 months following the date of the capital reduction (solvency test).

The statement of the board of directors on the balance sheet and solvency test shall be accompanied by a report of an independent expert appointed or approved by an administrative or judicial authority, stating that the expert has inquired into the company's state of affairs and is not aware of anything to indicate that the statement is unreasonable.

PUBLIC

The first and second sub-paragraphs shall not apply where the capital is reduced for the sole purpose of covering losses that cannot be covered from other equity or for the purpose of increasing the capital at the same time at least by the amount of the reduction. The articles of association may authorise the board of directors to decide on a capital reduction for these purposes.

4. The board of directors shall update the amount of capital and, if applicable, the nominal value of shares in the articles of association in accordance with Article 27. At the same time, the board of directors shall file the decision on ~~distribution~~**capital reduction** as referred to in paragraphs 1 and 2 and the statement and expert report referred to in paragraph 3, as applicable, in accordance with Article 27. The capital is deemed to have been reduced once the reduction has been made publicly available in the business register.

5. Where the company carries out a capital reduction in violation of paragraphs 1 to 3 or where the directors signing the statement referred to in paragraph 3 knew or, in view of the circumstances, should have known at the time of the statement that, following the capital reduction, the total amount of assets of the company would not remain greater than the total amount of liabilities after the capital reduction or that the company would no longer be able to pay its debts in the 12 months following the date of capital reduction, they shall be jointly and severally liable to the company for all damages resulting from the capital reduction.

6. Where a shareholder has received a distribution out of capital carried out in violation of paragraphs 1 to 3 or where the shareholder knew or, in view of the circumstances, should have known at the time of the distribution that, following the distribution, the total amount of assets of the company would not remain greater than the total amount of liabilities or that the company would no longer be able to pay its debts in the 12 months following the date of distribution, the shareholder shall be required to return the distribution to the company to the extent that commitments entered into with creditors so require.

CHAPTER VIII
EU EMPLOYEE STOCK OPTION PLAN

PUBLIC

Article 78

EU-ESO

1. An EU employee stock option plan (EU-ESO) is a plan under which an EU Inc. issues warrants to eligible persons. ~~This Article is a *lex specialis* of Article 68.~~

~~1a.~~

2. In order to be eligible to receive EU-ESO warrants, a person must be member of the board or an employee of the company or of its subsidiaries. In addition, they must not:

   (a) hold, directly or indirectly, shares in the company corresponding to more than 25 per cent of the voting rights or rights in the proceeds of the company; or

   (b) have held such shares in the 24 months preceding the issuance.

   This Article does not affect statutory minimum wages or pay levels established by collective agreements.

3. The general meeting shall decide on the establishment of the EU-ESO. The decision shall require the majority set out in Article 49(3). The resolution shall set out at least:

   (a) the group of eligible persons;

(b) the maximum number of warrants that may be issued under the EU-ESO and the shares to which the holder of a warrant shall be entitled upon exercise of the warrant;

(ba) authorisation for the board of directors to issue warrants and to satisfy claims arising from those warrants, whether by issuing new shares or transferring own shares held by the EU Inc. company;

(bb) the rules for calculating the consideration for the shares; ~~and~~

(c) a mandatory waiting period before which the warrants issued under the EU-ESO shall not be exercised, which shall be at least 24 months from the issuance of a warrant~~.~~**; and**

(ca) ~~The resolution shall also indicate~~ the potential ~~effect~~**effects** of the EU-ESO on the ownership structure of the EU Inc.

4. Warrants issued under the EU-ESO shall operate as follows:

(a) the board of directors shall issue warrants in accordance with the resolution referred to in paragraph 3;

(b) those warrants shall be non-transferable and issued for no consideration;

(c) the consideration (or its calculation basis) for which they may be exercised shall be fixed at the point of issue;

(d) if and when the eligible person chooses to exercise the warrant, they shall pay the fixed consideration in cash;

(e) the board of directors shall then satisfy the claim, either by:

(i) issuing new shares, which shall be fully paid up**, in accordance with Article 68(4)**; or

(ii) transferring own shares held by the company**, in accordance with Article 75(1)**.

PUBLIC

4a. The EU Inc. company shall provide the persons that are offered warrants issued under the EU-ESO with clear and comprehensible information on the shares issued upon exercise of the warrants, the consideration to be paid for the shares, whether the warrants will benefit from Article 79, as well as clear, transparent information regarding the financial risks involved.

7. Existing shareholders shall have no pre-emptive rights on warrants issued under the EU-ESO and on new shares issued to satisfy claims arising from the warrants.

~~7a.~~

Article 79

Taxation of warrants under the EU-ESO

1. The provisions of this Article shall apply to warrants issued by the EU Inc. under the EU-ESO as defined in Article 78, but only where, at the time the warrant was issued, the EU Inc.~~'s net~~ **company employed fewer than 750 persons and had an annual** turnover ~~did not exceed EUR 450 000 000 and it did not have more than 1 000 employees~~**not exceeding EUR 150 million**.

1a. The ~~net~~**annual** turnover and employee numbers are determined, at the start of each financial year, based on the preceding financial year and are calculated in accordance with points 1 and 3 to 6 of the Annex to Commission Recommendation 2025/1099 of 21 May 2025.

2. The income derived from the warrant shall be deemed not to have accrued at the time of grant of the warrant, at vesting, nor when the holder of the warrant exercises his/her right for the acquisition of shares. It shall be deemed to arise and thus be subject to taxation only at the time when the shares obtained by exercising the warrant are disposed of.

3. The income described in paragraph 2 shall be equal to the difference between the disposal price of the shares and their acquisition price. However, where that disposal price is manifestly undervalued ~~so as to suggest the existence of fraud, it may be substituted~~**, a national competent authority may substitute it** with the fair market value. It shall be subject to taxation in accordance with national law.

4. ~~Without prejudice to paragraphs 2 and 3, Member States~~**All other taxation aspects relevant to the application of this Article** shall ~~ensure that the warrants issued under EU-ESO and the resulting underlying shares are subject to a tax treatment that is not less favourable than that~~**be governed by national taxation law and, where relevant,** applicable ~~to other employee stock options or similar instruments under their national law, provided all legal requirements are met~~**double taxation treaties**.

4a. This Article is without prejudice to applicable anti-abuse rules and applicable rules designed to ensure that taxation can be enforced when an individual changes tax residency, insofar as compliant with Union law.

CHAPTER IX
NULLITY AND CLOSURE OF EU INC. COMPANIES

Article 79a

Rules

1. This Chapter lays down harmonised rules regarding:

   (a) the substantive criteria, and certain other rules, regarding the nullity of EU ~~Incs~~**Inc. companies** (Article 79b);

   (b) certain digitalisation requirements for all regular liquidation procedures (Article 82); and

   (c) a fast-track liquidation procedure for EU ~~Incs~~**Inc. companies** (Articles 83-86).

2. Other matters regarding the closure of EU ~~Incs~~**Inc. companies**, such as rules governing insolvency or rules governing liquidation other than those laid down in Articles 82-87, are outside of the scope of this Regulation. They remain subject to applicable national and Union law.

PUBLIC

Section 1

Nullity

Article 79b

Nullity

1. The nullity of an EU Inc. company resulting in its liquidation may only be ordered by a decision of a court of law. The court may order nullity on the following grounds:

   (a) that the EU Inc. company has no valid articles of association in accordance with Articles 7 and 8, including that the articles of association do not state the name or the object of the company, or the subscription for the first shares;

   (b) that the rules of preventive controls and checks laid down in Article 14 or the requisite legal formalities, where applicable, were not complied with;

   (c) that the objects of the EU Inc. company are unlawful or contrary to public policy;

   (d) ~~of the lack of legal capacity of all~~**that all of** the founder members **lacked legal capacity** at the time of the company's formation.

   Apart from the grounds of nullity referred to in this paragraph, an EU Inc. **company** shall not be subject to any cause of non-existence, absolute nullity, relative nullity, or declaration of nullity.

2. A decision of nullity as referred to in paragraph 1 may only be relied on as against third parties once it is made publicly available by the business register in accordance with Article 25. Third parties may challenge the decision within six months of that public notice of the court's decision.

3. Nullity shall entail the liquidation of the EU Inc. company.

4. Nullity shall not of itself affect the validity of any commitments entered into by or with the EU Inc. company, which shall remain enforceable notwithstanding the liquidation.

PUBLIC

5. Relations between the shareholders of the EU Inc. company declared null shall be governed by the law of the Member State of registration.

6. Shareholders of the EU Inc. company declared null shall remain obliged to provide the consideration ~~to be contributed to capital, where this has not been paid up,~~**for shares in accordance with Article 64** to the extent that commitments entered into with creditors so require.

PUBLIC

Section 2

Digitalisation and once-only for all regular dissolution and liquidation

Article 82

Once-only submission of data and digital communication during regular dissolution and liquidation

1. The filing to business registers of information and documents relating to the dissolution and regular liquidation of an EU Inc. shall occur fully online and in accordance with the once-only principle.

2. In accordance with paragraph 1:

   (a) Where an EU Inc. company is dissolved in view of a regular liquidation, it shall file the information about dissolution fully online to the business register in the Member State of registration of the EU Inc. company in accordance with Article 27;

   (b) Upon receipt of the information referred to in point (a), the relevant business register shall immediately update the EU Inc. company's status to reflect that it is undergoing liquidation and make this information available in accordance with Article 25;

   (c) The dissolved EU Inc. or the liquidator shall file all documents and information relevant to the liquidation, including the information and documents required in accordance with Article 25, to the relevant business register fully online in accordance with Article 27;

PUBLIC

(d) Upon receipt of the documents and information referred to in point (c), the business register shall:

~~(i)~~**i.** without delay inform the relevant national authorities of that Member State digitally about the change of the status of the EU Inc. company;

~~(ii)~~**ii.** provide those documents and information digitally, without delay, to any authority of the Member State that requests them; and

~~(iii)~~**iii.** make ~~those~~**publicly available the** documents and information ~~available in accordance with~~**required by** Article 25.

4. An EU Inc. company shall not be required to provide the information referred to in paragraph 1 to another authority of the Member State of registration in the context of its liquidation; and

5. Upon the filing referred to in **paragraph 2,** point (a), an EU Inc.'s creditors shall be entitled to submit their claims to the company or the liquidator fully online. The submission of such claims shall not be subject to national requirements for physical form or notarial authentication.

PUBLIC

Section 3

Harmonised fast-track procedure for certain regular liquidation

Article 83

Fast-track liquidation

1. ~~A solvent~~**An** EU Inc. company shall **be able to** benefit from a fast-track **regular** liquidation procedure provided that, at the date of the resolution or event triggering its dissolution referred to in Article 82(2), point(a), the following conditions are met:

   (a) the EU Inc. has ceased its economic activity;

   (b) the EU Inc. has no assets or all such assets have given rise to distributions to the shareholders in accordance with Article 72 prior to or simultaneously with the filing of the notification of dissolution;

   (c) the EU Inc. has no liabilities;

   (d) the EU Inc. is not subject to any pending administrative or judicial proceedings.

2. In case EU Inc. has liabilities, the condition under point (c) of paragraph 1 is considered to be met when the EU Inc. provides evidence of the consent of all known creditors for launching the fast-track procedure. **By consenting to the fast-track procedure, creditors waive their right to enforce their claims at law against the EU Inc. if the fast-track procedure concludes with its removal from the business register.**

3. Directors shall be personally, and where applicable, jointly and severally liable to creditors for any damage resulting from a false or fraudulent declaration of consent under this Article, or from consent given either under duress or as a result of being materially misled. A director shall not be liable if he or she proves that the falsity, fraudulence, duress of misleading was not attributable to him or her and that he or she took all reasonable steps to ensure the creditor consent was genuine.

   This specific joint and several liability shall be without prejudice to the application of any general rules on tax and social security liability laid down by national law.

PUBLIC

4. In the case of a court-ordered dissolution, the court may authorise the fast-track liquidation procedure if it is satisfied that the conditions in paragraph 1 are met, unless the grounds for dissolution involve unlawful activity or public policy concerns.

5. The general meeting shall appoint a **natural or legal** person to retain the books and records of the EU Inc. That person shall keep the books and records for a period of six years from the date the company is removed from the business register.

Article 84

Fast-track liquidation procedure

1. An EU Inc. may initiate the fast-track liquidation procedure by filing the notification of dissolution referred to in Article 82(2), point (a), alongside an application for removal from the business register in which it is registered.

   The application shall specify the name of the director or directors representing the company for the purpose of the fast-track procedure.

2. The filing shall be accompanied by the following:

   (a) a declaration by all directors of the EU Inc., authenticated using qualified electronic signatures in accordance with Regulation (EU) No 910/2014, stating that the conditions set out in Article 83(1) are met;

   (b) the financial statement of liquidation;

   (c) the evidence of consent of creditors in case liabilities exist;

   (d) the declaration by the appointed person referred to in Article 83(5), authenticated using qualified electronic signatures in accordance with Regulation (EU) No 910/2014, that he ~~or she~~**, she or it** undertakes to keep the books and records for a period of six years from the date the company is removed from the business register.

PUBLIC

3. The filing shall be completed fully online in accordance with Article 27(5).

4. The relevant business register shall make the documents and information referred to in paragraph 2 available in accordance with Article 25.

Article 85

Opposition of creditors

1. Creditors of the EU Inc. company undergoing the fast-track liquidation procedure may oppose it within 30 days following the disclosure of documents and information referred to in Article 84(4).

2. Creditors shall submit any objection to the business register where the EU Inc. company is registered, stating their reason for opposing the fast-track procedure. Member States shall ensure that this submission may be carried out fully online.

3. Upon receipt of any such objection, the business register shall, without conducting any assessment,

   (a) terminate the fast-track liquidation procedure; and

   (b) inform the EU Inc. company of its decision, the opposing creditors, and the reasons for opposing the fast-track procedure.

4. ~~The business register may also take into consideration the objections of creditors which have been~~**Paragraph 3 shall also apply to any creditor objection** submitted after the deadline referred to in paragraph 1 but before the EU Inc. company is removed from the register**, notably where the deadline for tax and social security authorities' objection is prolonged under Article 86(2)**.

5. The removal of the EU Inc. company from the business register shall not affect the rights of creditors whose claims were still under consideration or were not submitted during the fast-track procedure. Such creditors may:

(a) exercise their rights against the ~~board of~~ directors, who shall be ~~personally, and where applicable,~~ jointly and severally liable for any unsatisfied liabilities; and

(b) access the books and records of the company through the appointed person referred to in Article 84(2), point (d).

Article 86

Deadlines for the closure of the procedure

1. Where specific administrative clearance is required by national law **prior to and as a condition for the striking-off or removal of companies from the business register**, the tax and social security authorities in the Member State of registration of the EU Inc. shall each either provide that clearance or object to the fast-track liquidation procedure to the business register within 30 days following the disclosure of documents and information referred to in Article 84 (4).

2. Where it is necessary for the tax and social authorities to take into account additional information or perform additional activities before completing its tasks under paragraph 1, they shall notify the business register of the need for a prolongation of the deadline referred to in paragraph 1 by no more than 30 days.

2a. Upon receipt of any objection to the fast-track liquidation procedure under paragraph 1, the business register shall:

(a) terminate the fast-track liquidation procedure;

(b) inform the EU Inc. company of its decision, and the relevant authorities' objection.

PUBLIC

3. If either the tax or social security authorities, or both, do not notify their position to the business register before the end of the deadline referred to in paragraph 1 or in case of prolongation referred to in paragraph 2, it shall be deemed that the relevant **administrative** clearance has been granted ~~or~~**and** that the ~~relevant~~ authority has no objections to the fast-track procedure.

3a. This Article is without prejudice to Article 85(5) or any liability of the company or other actors under tax or social security law.

Article 87

Removal from the business register

1. Upon the expiry of the deadlines referred to in Articles 85 and 86, the business register shall update the EU Inc. company's status, in accordance with Article 25(3), point (b) and strike off or remove the registration of the EU Inc. company provided that:

   (a) no objections by creditors have been submitted pursuant to Article 85; and

   (b) no objection has been submitted by the national tax or social security authorities pursuant to Article 86.

2. The striking off or removal of the EU Inc. company from the business register shall result in the loss of its legal personality**, except where the retention of legal personality is required under national law where new assets are discovered after the completion of the procedure**.

3. The change of the status and the striking off or removal of the EU Inc. company from the business register shall be made publicly available in accordance with Article 25.

PUBLIC

CHAPTER XI
PROHIBITED REQUIREMENTS AND WHOLLY ARTIFICIAL ARRANGEMENTS

PUBLIC

Article 103

Non-discrimination and list of prohibited requirements

1. Unless it is objectively justified and proportionate, Member States shall treat EU Inc. companies registered in another Member State no less favourably than EU Inc. companies registered in their territory and other limited liability companies formed in accordance with their national law in any aspect of their economic activities.

2. A Member State shall not adopt or maintain any of the following with regard to EU Inc. companies whose registered office is in another Member State:

   (a) without prejudice to the Union State aid rules and the possibility of the Member States to require EU Inc. companies to have economic activity in the Member State as a precondition for having access to financial support, criteria that deny eligibility of EU Inc. companies to public support in view of their place of headquarters in other Member States or that require those companies to dissolve and reestablish or to set up a subsidiary in order to become eligible;

   (b) measures that impose an authorisation or other requirement for taking up or exercising an economic activity based on the location of their registered office;

   (c) the requirement to have a local representative or a physical presence in that Member State in order to complete a procedure necessary to take up or exercise an economic activity or **in order** to obtain an authorisation;

   (d) measures that deny the use of a payment account set up in another Member State for the purposes of completing a procedure necessary to take up or exercise an economic activity or obtaining an authorisation.

3. For the purpose of this Article, the following definitions shall apply:

(a) Authorisation means a formal or implied decision that is in law or in fact required from a **national** competent authority in order to obtain access to an economic activity, exercise an economic activity or terminate it;

(b) Requirement means requirement as defined in Article 4 point 7) of Directive 2006/123/EC.

3a. **National sectoral law, except national sectoral law implementing Union sectoral law, shall comply with this Article. Accordingly,** Article 1(3) shall not apply to this Article in the case of **such** national law.

Article 103a

Wholly artificial arrangements

1. Where ~~the~~**a national** competent authority– has serious doubts indicating that the EU Inc. company operates as a wholly artificial arrangements for abusive or fraudulent purposes to evade or circumvent of Union or national law, or for criminal purposes, it may take measures on a case-by-case basis taking into consideration relevant facts and circumstances including through consultation of relevant authorities. ~~[OPTION 1: This includes wholly artificial arrangements which aim, abusively or fraudulently, to evade national law regarding employee participation.]~~

PUBLIC

CHAPTER XII
FINAL PROVISIONS

Article 104

Data protection

The processing of any personal data carried out in the context of this Regulation shall be subject to Regulation (EU) 2016/679 and to Regulation (EU) 2018/1725, as applicable.

Article 105

Accounting

The EU Inc. shall be subject to the requirements of the applicable accounting law**, including national law implementing Directive 2013/34/EU and financial and sustainability reporting requirements,** of the Member State in which its registered office is situated. However, Article 27 shall apply as regards the filing and public availability of accounting documents of the EU Inc.

Article 106

Penalties

1. Member States shall provide for effective, proportionate and dissuasive penalties for infringements of this Regulation.

~~(a)~~

~~(b)~~

~~(c)~~

~~(d)~~

2. Member States shall take all the measures necessary to ensure that the penalties referred to in paragraph 1 are enforced.

PUBLIC

Article 107

Committees

1. The Commission shall be assisted by the Committee on Interconnection of Central, Commercial and Companies' Registers ('the BRIS committee'). That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.[27]

~~2.~~

2a. Where reference is made to this paragraph, Article 4 of Regulation (EU) 182/2011 shall apply.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 108

Reporting and review

1. The Commission shall, by [PO: the date five years after the date of application of this Regulation], carry out an evaluation of this Regulation and present a report on the main findings to the European Parliament, the Council and the European Economic and Social Committee. Member States shall provide the Commission with the information necessary for the preparation of the report.

The report of the Commission shall in particular evaluate the take-up of the EU Inc. new legal form, how the EU Inc. companies were formed, how many were formed through the EU central interface, and how many were formed using the harmonised templates.

The report shall also evaluate the thresholds in Article 79(1). The Commission shall consider whether other quantitative and, insofar as appropriate and feasible, qualitative criteria would achieve the policy aim in a proportionate and targeted manner.

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[27] Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, pp. 13–18), ELI: http://data.europa.eu/eli/reg/2011/182/oj

PUBLIC

Article 108a

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in **Article 7(5a) and** Article 16(3) shall be conferred on the Commission for an indeterminate period of time from [date of entry into force of the basic legislative act set by the co-legislators].

3. The delegation of power referred to in **Article 7(5a) and** Article 16(3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to **Article 7(5a) and** Article 16(3) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

PUBLIC

Article 109

Entry into force and date of application

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from [PO: the last day of the ~~27th~~**21st** month after the date of entry into force of this Regulation)]. [However, Articles 24 and 30-32 shall not apply earlier than 31 July 2028.]

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

PUBLIC

ANNEX I

CONTENT OF THE ARTICLES OF ASSOCIATION OF AN EU INC. COMPANY

SECTION 1

MANDATORY CONTENT

~~An~~**Each** EU Inc. company ~~shall have~~**'s** articles of association ~~that~~**shall, in accordance with the relevant provisions of this Regulation,** cover at least the following particulars:

- the legal form;
- the name of the company;
- the ~~address~~**town or city and Member State** of the registered office of the company~~, including the Member State where it shall be/is registered~~;
- the object of the company;
- the amount of capital, including where the amount of capital is EUR 0;
- the total number of shares issued,
- ~~where the shares of the company have a nominal value, that value;~~
- the subscription of the first shares, including:

(i) the nature and value of any consideration for the shares; **and**

(ii) if any part of the consideration is to be contributed to capital;

(iii) ~~for any part of the consideration that is not a contribution to capital, the time by which the consideration is to be paid in accordance with Article 64(5);~~

- the identity of the founding shareholder(s);
- the identity of the first director(s);
  - **the number of directors and whether the board of directors has a chairperson, in accordance with Article 42;**
  - the date of beginning and end of the financial year.

SECTION 2

FURTHER CONTENT EXPRESSLY PERMITTED BY THIS REGULATION

PUBLIC

The articles of association of an EU Inc. company may ~~furthermore~~**additionally** regulate the following matters:

Chapter I
General principles

~~- by way of derogation from Article 3(f),~~ the term of the company **where this is limited**, **in accordance with Article 3;**

~~–~~ the method of communication ~~other than fully online~~ between the EU Inc.~~ company~~ and its shareholders ~~including subscribers and purchasers of shares by way of derogation from~~**where such communication is not fully online, in accordance with** Article 10(2)~~,~~**;**

Chapter V
Organisation

~~- subject to Article 42, the composition and~~ **the rules concerning the** organisation of the ~~board of directors~~**EU Inc. company and the conditions under which it is managed**, including the ~~number of directors, whether it has a chairperson and the rules and procedures for its decisions,~~ **establishment of any supervisory board, in accordance with Articles 42 and 42a. This includes, insofar as consistent with this Regulation:**

- the composition and organisation of the board of directors beyond the mandatory content, such as the rules and procedures for its decisions, including any voting rule,

~~- the establishment of~~ **where there is** a supervisory board ~~and, subject to~~**in accordance with** Article 42a, ~~its~~**the** composition, organisation and relationship with the board of directors, the general meeting and any other company body, **including any power to appoint and dismiss some or all directors;**

— the establishment of any other company body, its composition~~,~~ **and** organisation**, and its** ~~and~~ relationship with the board of directors, the general meeting~~,~~ and any other company body~~,~~**;**

~~– subject to this Regulation,~~ the powers of the general meeting, the board of directors and any other company body, including the matters reserved for decision by one or more specific bodies, **and including any power for the general meeting to give instructions to the board of directors;**

~~– subject to Article 42 and 42a,~~ any eligibility criterion of directors or members of other company bodies, the procedure for appointing and dismissing directors or members of other company bodies and for their resignation~~,~~**;**

- choice of court agreements relating to internal corporate disputes in accordance with Article 25 of Regulation (EU) No 1215/2012 as well as mediation and arbitration agreements relating to such disputes;

– ~~subject to~~**in accordance with** Article 43, the rules on the representation of the EU Inc. company by its directors **and any limitations on their powers**,

– **in accordance with Article 44, any additional** ~~any specific~~ duties of directors or members of other company bodies ~~other than the duties mentioned in this Regulation~~,

– ~~subject to~~**in accordance with** Article 45, ~~the~~**any further** rules ~~applying to directors'~~**or information requirements concerning** conflicts of interest, ~~including on the information of such conflicts and their authorisation,~~**and any empowerment of the supervisory board to authorise decisions in cases of conflict;**

– ~~subject to~~**in accordance with** Article 46, the rules **and specifications** applying to related party transactions, including on **requirements for the board of directors, general meeting or the directors or shareholders not involved in the transactions to approve or be informed** ~~the information~~ of such transactions ~~and their approval,~~**;**

– ~~subject to Article 47~~**in accordance with Articles 47 and 42**, the manner in which the general meeting, meetings of the board of directors and meetings of other company bodies are held and votes are cast~~,~~**;**

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– ~~subject to~~**in accordance with** Articles 47a ~~and 56, the right to request the convocation of a general~~**, the period to convene a** meeting, the manner of ~~convening the general meeting~~**issuing the convocation**~~, the period of time~~ and the ~~manner in which the~~**threshold for** shareholders ~~are to be informed of general meetings and proposals for shareholder resolutions and the information and documents to be provided to the shareholders in relation to general meetings and any proposed resolutions~~**to request such a convocation**,

– ~~subject to Articles 47a and~~**in accordance with Article** 47b, the rules on participation in the general meeting, on the agenda of the general meeting and on proposing resolutions,

– ~~subject to~~**in accordance with** Article 47c, ~~the~~**alternative** procedural rules ~~and~~**on the** conduct of the general meeting,

– ~~whether~~**in accordance with Article 48, provision for** decisions of shareholders ~~may~~**to** be adopted without a meeting by means of written resolution and~~, subject to Art. 48,~~ the manner of adopting ~~written~~**such** resolutions,

– ~~subject to~~**in accordance with** Articles 49 and 51, the quorum and majority requirements for the adoption of shareholder resolutions,

~~– [subject to~~ **in accordance with** Article ~~52a, the conditions and procedure for the expulsion of a shareholder,]~~**52, any additional grounds for withdrawal;**

~~– choice of court agreements relating to internal corporate disputes in accordance with Article 25 of Regulation (EU) No 1215/2012 as well as mediation and arbitration agreements relating to such disputes,~~

Chapter VI

Shares

~~– whether sub-division or consolidation of the shares is permitted and any applicable requirements,~~

– **in accordance with Article 53,** whether the shares of the EU Inc. company are issued, recorded and transferred using distributed ledger technology or other digital solutions,

– ~~subject to Articles 55, 56~~**in accordance with Article 55** and 57, the pecuniary and non-pecuniary rights and the obligations attached to the shares or different share classes, in particular the participation in the distribution of assets and profits of the company, if any, ~~and~~ the votes attached to the shares, if any, **and whether sub-division or consolidation of the shares is permitted and any applicable requirements;**

– ~~whether~~**in accordance with Article 56(5), weaker or stronger rights for** certain or all shareholders ~~are entitled~~ to examine the financial books of the company ~~at their~~, **including upon** request ~~in accordance with Article 56(5),~~**;**

– ~~whether, by way of derogation from~~**in accordance with** Article 56(6) **and (8), any lower threshold for for requesting**~~, individual shareholders or shareholders holding less than one-tenth of the number of shares may request~~ the appointment of an independent expert to carry out an investigation**, and any different rule on reimbursement of** ~~on suspicions of a material breach of law or of the articles of association by~~ the company~~, and whether, by way of derogation from Article 56(8), shareholders requesting an investigation shall reimburse the company for the remuneration of the independent expert where the expert's report does not establish any material breach of law or of the articles of association,~~**;**

– ~~whether, by way of derogation from~~**in accordance with** Article 57**(2-3a)**, **rights for** a shareholder ~~may~~**to** vote differently on the same item ~~in a general meeting agenda~~ using different shares **or to vote on any resolution concerning a transaction between the company and the shareholder**, **and further provision for shares not to carry votes in certain matters or in any case;**

~~– whether, by way of derogation from Article 57(3), a shareholder's shares carry a vote on any resolution concerning a transaction between the company and that shareholder,~~

~~– subject to Article 57(3), matters dealt with by the general meeting in which a share does not carry a vote,~~

– **in accordance with Article 58,** pre-emption rights, approval rights, restrictions and prohibitions on the transfer of shares, and any applicable requirements and procedures,

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Chapter VII

Financing

~~– whether, in addition to the restrictions under Articles 63 and 72, any assets~~ **- in accordance with Article 61, the nominal value** of the ~~EU Inc. company are restricted from being distributed,~~**shares where the shares have such a value;**

~~—~~ **– in accordance with Article 62, rules concerning reserves, including** whether the EU Inc. company establishes reserves ~~and if so~~, the type of ~~reserve~~**such reserves**, the circumstances in which ~~it is~~**they are** to be ~~established~~**establishes** and, subject **in particular** to Article 72, whether it is distributable~~,~~**;**

- in accordance with Article 63, any further restrictions on the distribution of the EU Inc. company's assets;

- in accordance with Article 64(5), any requirement that the consideration be paid in a time period less than three years from the date of issuance or upon request;

- in accordance with Article 64(5a), any restriction or prohibition on the EU Inc. company from providing financial assistance, in particular by advancing funds, making loans or providing security, with a view to the acquisition of its shares by a third party;

~~– whether,~~ in accordance with Article 65(5), **any waiving of** the requirement for an expert's report ~~referred to in Article 65(4) is waived~~ for certain or all in-kind considerations that are not to be contributed to capital~~,~~**;**

– ~~the~~**in accordance with Article 67, any** authorisation ~~of~~**for** the board of directors to decide on the issuance of new shares up to a specified maximum number of shares and to restrict or exclude pre-emption rights ~~in accordance with Article 67, and~~**, including** any additional **conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

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– ~~the~~**in accordance with Article 68, any** authorisation ~~of~~**for** the board of directors to decide on the issuance of convertible instruments, warrants or other instruments entitling the holder to new shares up to a specified maximum number of new shares and to restrict or exclude pre-emption rights on such instruments ~~in accordance with Article 68, and~~**, including** any additional **conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

– ~~subject to~~**in accordance with** Article 69, **any** restrictions or exclusions of pre-emptive rights on new shares~~,~~ **or instruments entitling to new shares;**

– ~~the~~**in accordance with Article 71, any** authorisation of the board of directors to decide on the increase of capital from reserves ~~in accordance with Article 71, and any~~**, including any conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

– ~~the~~**in accordance with Article 72, any** authorisation ~~of~~**for** the board of directors to decide on distributions ~~in accordance with Article 72, and any~~**, including any conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

– ~~the~~**in accordance with Article 74, any** authorisation ~~of~~**for** the board of directors to decide on the acquisition of the company's own shares **or on the acceptance of own shares as security** up to a specified maximum number of shares ~~in accordance with Article 74 , and~~**, including** any additional **conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

– ~~the~~**in accordance with Article 75, any** authorisation ~~of~~**for** the board of directors to decide on the cancellation of the company's own shares ~~in accordance with Article 75, and any~~**, including any additional conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

– ~~the~~**in accordance with Article 77, any** authorisation ~~of~~**for** the board of directors to decide on the reduction of capital for the sole purpose of covering losses that cannot be covered from other equity or for the purpose of increasing the capital at the same time at least by the amount of the reduction ~~in accordance with Article 77, and~~**, including** any additional **conditions for or** restrictions ~~to~~**on** such authorisation~~,~~**;**

~~– any restriction or prohibition on the EU Inc. company providing financial assistance, in particular advancing funds, making loans or providing security, with a view to the acquisition of its shares by a third party.~~

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